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USA: Economics, Politics, Ideology

No 5, May 1990

Soviet Far East and American Far West: Potential for Economic Cooperation

904K0009A Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 90 (signed to press 19 Apr 90) pp 3-11

[Article by Aleksandr Borisovich Parkanskiy, candidate of economic sciences and sector head at Institute of U.S. and Canadian Studies; first paragraph is SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA introduction]

[Text] This is a continuation of the discussion of current issues in the development of Soviet-American economic cooperation which began with the articles by A.V. Kunitsyn and V.B. Spandaryan (see SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, 1988, No 12; 1989, No 9)—Editor.

No one in the Soviet Union or the United States has any doubt that the potential for economic interaction by the Pacific regions of these gigantic countries is hardly being used at all. Favorable economic preconditions—their geographic proximity, their common maritime borders, the presence of large sea ports and a sizable merchant fleet on the Pacific coasts of both countries, and the growing economic potential of the Soviet Far East and the West Coast of the United States—have not led to the perceptible development of mutually beneficial business cooperation yet.

In the 1980s the value of all the Soviet goods shipped from ports in the Soviet Far East to America's western states (Alaska, Hawaii, California, Washington, and Oregon) amounted to a few tens of thousands (!) of dollars a year. Exports from ports on the Pacific coast of the United States to the Far Eastern regions of the Soviet Union amounted to a few tens of millions of dollars,¹ but even this was only a fraction of overseas shipments from the West Coast and of the Soviet Far East's imports. In all, the USSR accounted for only 0.12 percent of California's total exports and 0.01 percent of its imports in 1987. The Soviet Union's share of the foreign trade of other states was also negligible: It ranged from 0.07 to 0.3 percent in different years in Oregon and Hawaii. The U.S. share of the Soviet Far East's exports amounted to less than 5 percent.²

Paradoxically, the Pacific states trade much less with the Soviet Union than other U.S. regions. In 1987, California, the American state with the largest foreign trade volume, accounted for just over 3 percent of all U.S. exports to the USSR and less than 2 percent of U.S. imports from there.³ The situation is the same on the other side of the Pacific: Even the small amount of trade with American firms is conducted mainly in Soviet regions far from the Pacific coast.

Why has this happened? Is it possible that the preconditions for mutual trade and other forms of business contacts exist only in theory, while in practice the people on the Soviet and American Pacific coasts see no significant advantage in economic interaction?

This is completely refuted by the experience of the distant past and of recent decades.

A Little History

American businessmen have been interested in economic relations with the Far Eastern regions of our country for a long time.

American J. Ledyard, a member of Captain J. Cook's last expedition (1776-1779), visited Kamchatka at the end of the 18th century. He was probably the first active proponent of Russian-American trade through the northern Pacific. The first Russian-American trade transaction in the northern Pacific took place in 1799, when an American ship came to Sitka Island (now Baranov Island). The volume of Russian-American trade in the northern Pacific reached 590,000 dollars between 1803 and 1812, and in 1813 American businessman P. Dobell suggested the creation of a Pacific trade complex made up of Siberia, Alaska, California, Japan, Canton, and the Philippines.

In 1848 a merchant, A. Palmer, submitted a plan to President Polk on investments in the Sakhalin economy. In 1856 California businessman P. Collins asked President Pierce to appoint him the United States' commercial agent on the Amur River. He believed that the Amur basin was a convenient channel for the penetration of northeast Asian markets by American goods.⁴

The Russians displayed considerable interest in economic relations with the American coast. In particular, several attempts were made to use these contacts to improve the food supply of Russian settlements on the northern Pacific coastline. In 1812 a Russian agricultural colony was even founded in California, not far from San Francisco. Even the Hawaiian Islands were viewed as a possible source of food. One adventurer even made an attempt to include one of these islands among the possessions of the Russian Empire, but St. Petersburg refused to acknowledge this kind of unauthorized action.

Russia was receptive to the idea of economic relations with the Americans. Contacts continued to be developed. American whaling ships began to appear near the Kurile Islands, Kamchatka, and Chukotka in the middle of the last century. The Americans regularly landed on the Russian Far Eastern coastline to hunt and to trade with the natives. The establishment of Vladivostok in 1860 fostered reciprocal trade.

At the turn of the century the more active exploration of the Russian Far East and its vigorous economic development necessitated the further expansion of foreign economic ties. An American consulate was opened in

Vladivostok. Russia had consulates or consular representatives in Seattle, Portland, and San Francisco on the U.S. West Coast. The value of the American goods shipped to Vladivostok exceeded 3 million dollars in 1900. Particularly large quantities of agricultural equipment and sewing machines were sent to the Far East, as well as rails and rolling stock for the Trans-Siberian and East China railroads. Imports of fruit from California began to increase—apples, apricots, peaches, plums, lemons, and raisins.

Economic ties continued to be developed until the time of the Great October Socialist Revolution and the United States' participation in the military intervention against Soviet Russia (from August 1918 to April 1920). They began to be expanded again in 1924. The U.S. share of Far Eastern foreign trade in 1925-1926 was 19 percent (Japan's share was 34 percent, China's was 39 percent, Mongolia's was 3 percent, Germany's was 2 percent, and other countries accounted for another 2 percent). The American shipments consisted mainly of tractors, agricultural machinery, and equipment for canneries, and Soviet exports from the Far East to the American Pacific coast consisted mainly of seafood and furs. In 1943, for example, 27 percent of all American imports of crabmeat came from Kamchatka.

Bilateral commercial ties were broken during World War II and were virtually nullified in the "cold war" years.

Later these contacts were gradually revived, but even today the "American presence" in the economy of the Soviet Far East is visible only to the alert eye. The Robbins firm, for example, supplied the machines used to build the tunnels on the Baykal-Amur trunk line, and several mining enterprises in Magadan Oblast are using equipment produced by International Harvester and Caterpillar. The McDermott Corporation, known for its icecap offshore drilling rigs, took part in the oil exploratory and drilling projects off Sakhalin Island. In 1986 Soviet organizations signed an agreement with the American Trout Unlimited company to arrange for fishing trips on the Siberian rivers for American sports fishermen, and an agreement on the joint organization of cruises on the Lena River was signed a year later by Inturist and the Lindblad Travel firm.

New Spheres of Cooperation

Today's economic contacts are a far cry from the relationship which existed at the end of the last century or in the 1920s and 1930s. It is indicative that the U.S. share of Soviet Far Eastern trade is only one-fourth of what it was in 1925 (Japan's share, on the contrary, is now 1.6 times as great).

Today, however, there is much greater potential for the expansion of mutually beneficial cooperation than there was 100 or 50 years ago. It is hard to believe that California has nothing to sell in the Soviet Far East; by the same token, all of the traditional Far Eastern exports could also find buyers in the California market. There are favorable opportunities for the expansion of trade

with Hawaii as well. The main export goods of this Pacific state—sugar, fresh and canned pineapple, and clothing—are certain to be in wide demand in the Soviet Far East. Hawaii mainly imports raw materials and fuel for power engineering. This provides an opportunity to increase shipments from the Far Eastern regions of the USSR.

Many of the Soviet Far East's import needs could be satisfied by the products of another Pacific state, Washington. Its main exports include transportation equipment, wheat, fruit, and vegetables. Another one of its main export items consists of timber and forestry products, and in this area the Soviet Far East and Washington would be competitors. Paradoxically, however, this situation would favor, and not impede, the development of business contacts on the basis of specialization and cooperation. Businessmen in Washington already have some positive experience in this area. Back in 1973 Washington was the first of the American states to arrange for its own trade with the USSR. It also had its own pavilion at the Lesdrevmash-73 exhibition, where 21 Washington companies exhibited their equipment for the timber industry. Two years later a group of businessmen from this state came to a trade fair in Khabarovsk and managed to sell substantial quantities of machines and equipment on the Soviet market.⁵ A publication of the Washington State Department of Commerce and Economic Development said that the eastern regions of the Soviet Union "have tremendous hydraulic power potential and such resources as natural gas, coal, iron, gold, bauxite, tin, and zinc and vast forests. Washington's ports are located in key geographic points for shipments of agricultural and manufactured goods.... The state could also be one of the main regions for the delivery of the raw materials the Soviet Union might want to exchange for consumer goods, machines, and equipment."⁶

Experts in Oregon, another of the world's main exporters of forest products, have made similar favorable appraisals of the prospects for economic cooperation with the Soviet Far East. In the middle of the 1970s two studies were conducted at the University of Oregon for the state government on the prospects for cooperation with the Soviet Union in machine building for the timber and woodworking industry.⁷ The most favorable prospects for sales in the Soviet Far East, according to the American economists, were presented by equipment and technology securing maximum efficiency in the use of the wood of deciduous trees (birch and aspen) and the larch and the use of by-products for the manufacture of modern goods; electronic control systems for wood processing enterprises, the technology and machinery for the restoration of forests, and equipment for the production of housing modules for severe climates and mobile homes. The Soviet Far East, in turn, has good prospects for the export of the products of the wood processing industry, manufactured with the use of American equipment and technology, including pulp and paper. "Trade could be developed on terms benefiting Oregon firms,"

the authors of one study remarked, "if the appropriate commercial contracts could be signed and if the funding of equipment exports were to be given the necessary attention."⁸

The conclusions and recommendations of the researchers from Oregon should be supplemented with the information that favorable conditions have now been established by the Soviet side for joint ventures in the processing of timber for export in the Far East. Apparently, there are also possibilities for the establishment of enterprises to process Soviet timber in other countries on a multilateral basis—for example, in China's special economic zones. Many countries in the Pacific region would buy the products of these enterprises, particularly pulp, paper, and cardboard.

The broad range of unutilized opportunities in economic cooperation by the Soviet Far East and the American west is attested to by a study conducted recently for the Alaska State Government by G. Knapp from the University of Alaska and E. Miller from Washington State University.⁹

It might seem that there could be no serious economic cooperation by the Soviet Far East and the State of Alaska in view of the fact that they export the same goods (wood, fish, and energy resources) and import approximately the same finished manufactured goods. Nevertheless, although American experts admit that the economies of Alaska and the Soviet Far East are not intersupplementary, they insist that there is considerable potential for economic cooperation by the two regions. "The Soviet Far East does not necessarily have to be viewed as a competitor," they stress. "It is more useful to view it as a region dealing with many of the same problems as Alaska. There are many potential spheres of mutually beneficial economic cooperation and trade."¹⁰ According to Knapp and Miller, two areas of cooperation promise the quickest success and substantial benefit for both sides: tourism and the fish industry.

It is true that the tourist trade seems quite promising: The Soviet Far East and Alaska are attracting more and more of their own—i.e., respectively, Soviet and American—and foreign tourists. According to American forecasts, the number of tourists in Alaska will reach 1 million a year in 1991. The state is already earning over 500 million dollars a year from the tourist trade. Around 7 percent of the tourists in Alaska are foreigners.¹¹ The state attracts tourists from other regions because of the beauty of its northern natural surroundings and the opportunities for sports fishing, hunting, land and river excursions, and skiing.

The Soviet Far East has equal potential in this sphere, but the scales of tourism here are considerably narrower than in Alaska.

For this reason, joint ventures by American tourist firms with Soviet partners in the Far East would be extremely promising. Joint projects could include the construction and operation of the entire infrastructure serving

tourism. Tourist contacts could also be expanded even where there is still no developed material base for this. As an example, Knapp and Miller cite the Alaskan projects for the development of "short-range" tourism—between the northwestern regions of Alaska and Soviet Chukotka and Kamchatka. At first it was possible to develop such forms of tourist contacts as air day trips, sea cruises in the Bering Strait region, and combinations of these two forms. According to the estimates of American experts, the use of these forms of tourism alone in the Bering Strait region could mean that several thousand Americans would visit the USSR each year. With a view to the cost of the excursions and the amounts of money American tourists usually spend locally on trips of this kind, the American experts feel that the Soviet side could earn more than a million dollars a year in foreign currency just from "short-range" tourism in the Bering Strait region. This is not such a small amount for the Soviet Far East with its comparatively small population. It is twice as high, for example, as all of the currency which will be earned (500,000-530,000), according to some Soviet forecasts, from the performance of services for foreign tourists in the Far East in 1989-1990.

Alaska will also derive considerable advantages: The possibility of combining a visit to the Soviet Far East with travel to this state will attract many more tourists from other parts of the United States and abroad. The organization of tourism in the Bering Strait region alone, according to American estimates, will increase Alaska's income from tourism by up to 3.3 million dollars and lead to the creation of 330 new jobs.

The fish industry could become an important area of cooperation. The most promising spheres of cooperation here, according to the Alaska Government, could be deep-sea crab fishing in the Soviet economic zone with the use of American ships and the subsequent processing of the catch at Soviet or American enterprises; and joint sales of the final product; similar cooperation in fishing for eel, cod, halibut, and shrimp; the processing of Alaskan salmon and Greenland turbot caught by American fishermen on floating Soviet fish processing plants; technical assistance of Soviet partners by U.S. firms in the sphere of fish and shellfish processing; participation by American partners in the development of Soviet fishing settlements; the exchange of experience and technology in hydroponics.

The development of cooperation in tourism and the fish industry will be of great value in more than just these fields. The expansion of ties here will naturally increase business contacts in other spheres. This will require, for example, the intensification of contacts in air and sea passenger transport. The enlargement and modernization of the tourist infrastructure will provide construction firms with contracts. The development of cooperation in the fish industry will stimulate broader operations in the maintenance and repair of ships in the ports of both countries, lead to new orders for fish processing equipment, etc.

Furthermore, tourism and the fish industry are only two of the possible areas of cooperation. American experts believe that there is every possibility for the organization of cooperation in many other fields (see table). An

analysis of the Alaskans' proposals suggests that the projected spheres of cooperation might be of interest to the other western states in the United States.

Potential Spheres of Economic Cooperation by the State of Alaska and the Soviet Far East

Sector	Fields of cooperation
Fish industry	Fishing, fish processing, sales of fish products, hydroponics
Recreation	Organization of tourism, cruises, development of tourist infrastructure, equipping of tourist attractions
Construction	Construction of highways and roads in permafrost regions with severe climates (year-round), construction in distant regions, manufacture and transport of prefabricated structures
Development of energy sources	Drilling on continental shelf and in permafrost regions, construction and operation of pipelines
Sales of Alaskan export goods in USSR	Cold-weather apparel, survival gear for extreme climates, ordinary consumer goods
Sales of Far Eastern exports in United States	Furs, products of reindeer breeding, folk arts, precious and semi-precious stones
Other sectors	Containment of fires, geological prospecting technology

Compiled according to data in: Knapp and Miller, Op. cit., pp vi-3.

There is also no doubt that the tourist projects the businessmen and local officials in Alaska are working on so intensely might be of interest to firms arranging for travel in California, Washington, Oregon, and Hawaii. The first steps in this direction could include the establishment and operation of tourist centers in the southern regions of the Soviet Far East in addition to the tourist cooperation between Chukotka and Alaska. Recently, for example, plans were drawn up for the construction of a tourist sports and health complex in one of the inlets in Nakhodka Bay. It will have hospitals, athletic facilities, playing fields, and hunting and fishing lodges.

Besides this, the economic contacts between the Soviet Far East and the Pacific American states do not take advantage of the existing mechanism of coastal trade—the border trade operations of cooperative organizations and enterprises, the exchange (or barter) transactions of department stores, and the cooperative relations of enterprises. The traditional group of Far Eastern exports (timber, coal, petroleum by-products, crude minerals, and fish) could be supplemented with new goods, which could be produced specifically for partners from Hawaii or from Alaska, California, and other Pacific states.

...And What Is Impeding It

Regrettably, the development of Soviet-American cooperation in the northern Pacific is still being complicated by several factors connected with the distinctive features of the Soviet economy and foreign economic mechanisms. The main ones are the non-convertibility of the ruble and the limited opportunities for the export of profits derived from joint ventures. It will certainly take time to eliminate these obstacles. One possible solution is the partial regional convertibility of the ruble, first for foreign companies and citizens, in certain parts of the Far East, if not throughout the region, particularly in

zones of joint enterprise. There should also be consideration for the American and Soviet partners' suggested means of protection against commercial and investment risks.

The development of cooperation is also being impeded by complications which could be eliminated almost immediately. The main one is the excessive centralization of foreign economic activity. A Soviet-American applied science seminar in Tynda in summer 1989 was attended by representatives of economic organizations and local government in many parts of the Soviet Far East. They made a number of specific proposals which aroused the interest of the American side, but a decision from the center was required for the completion of transactions in almost every case, and experience has shown that the central agencies not only "decide," but also commandeer the entire contract and virtually all of the profits. It is time to give kray, oblast, and large city soviets a chance to conduct full-scale foreign economic operations and to augment the variety of goods involved in these operations.

Apparently, a Far Eastern regional organization should be set up to manage foreign economic contacts. But will it be necessary, as some experts have suggested, to establish something like a local ministry of foreign economic relations for the directive planning of exports and imports and the "administration" of this sphere of economic activity? It appears that what is necessary today is not rigid centralization and bureaucratization on the regional level, but the creation of one or several regional centers to draw up recommendations regarding international economic contacts, coordinate and stimulate international business cooperation, train and retrain personnel, arrange for the distribution of commercial information, and provide assistance in the organization of exhibitions, business trips, and advertising.

The mutual lack of economic and commercial information is a serious but completely surmountable barrier.

American firms have no way of obtaining the elementary data on potential Far Eastern partners and on conditions in the Far Eastern market as a whole. Taking special trips to the Soviet Far East just to find out more about the market would be an expensive undertaking for medium and small companies and, besides this, there is no guarantee of its effectiveness. Furthermore, there are not many places to go: Many regions are still off limits to foreigners and even to Soviet citizens. Apparently, it is time for us to rid ourselves of the stereotypes of secrecy here.

There is also an acute need for studies of the commercial markets in the American Pacific states and the regular provision of Far Eastern exporters with complete information about current market conditions in the American west. It is also time to surmount the virtually complete absence of advertising for Far Eastern goods on the other Pacific coast.

Many of the American firms which have already tried to arrange for cooperation with Far Eastern enterprises and organizations have encountered the Soviet side's inclination toward lengthy negotiation and coordination procedures, careless and negligent business correspondence, and even violations of concluded agreements. Of course, the low commercial and legal standards in foreign economic activity are part of our general lack of sophistication in business affairs, especially on the local level. We must admit, however, that the shortage of qualified experts on foreign economic operations is particularly acute in the Far East. Quick and resolute measures must be taken, because this not only creates extra problems for overseas partners but could also cause our country to suffer huge losses.

The positive changes that have occurred in Soviet-American relations in recent years, especially in the military-political sphere, suggest the relevance and expediency of the joint elaboration of a strategy of Soviet-American economic cooperation in the northern Pacific zone. Joint elaboration would allow for the frank and businesslike negotiation of mutually acceptable and realistic goals, terms, and guidelines of cooperation on a long-term basis. Specific complaints could be discussed in detail by the two sides, and this discussion could then serve as the basis for balanced or, if necessary, compromise decisions on the complete or partial elimination of obstacles impeding commercial cooperation by the Pacific regions of our states. Several American experts have suggested the creation of a Soviet-American regional trade and economic council in the northern Pacific zone. This would be a non-commercial organization made up of representatives of the business community and industry, local officials, and prominent scientists and specialists from krays and oblasts in the Soviet Far East and the interested Pacific states in the United States.

This council could be responsible for the collation and preliminary processing of the business proposals of the

sides, discussions of problems in cooperation, the organization of direct contacts, and the rapid elimination of obstacles. The council's activities would promote the negotiation of relatively large projects. The main purpose of the work of the regional trade and economic council, however, would be more active cooperation by small and medium-sized enterprises and firms in trade, tourism, and joint ventures. The council could also serve as the forum for the discussion of the establishment and activities of joint enterprise zones in the Soviet Far East and the elaboration of recommendations with a view to the interests of American and Soviet partners.

The revision of the approaches which still determine the development of U.S.-Soviet economic relations in general and relations in the Pacific zone in particular will be difficult, but it is essential and must be done without delay. The present situation is conducive to a new approach to the development of trade and economic relations between the Soviet Far East and the American West Coast, offering new and unique opportunities for progress in this area. The warmer climate in bilateral relations must be used to put this cooperation on a solid and lasting basis.

Footnotes

1. "Soviet-American Horizons in the Pacific," Honolulu, 1986, pp 185- 186.
2. N.L. Shlyk and G.A. Katkov, "Vse flagi v gosti" [All Flags Are Welcome], Vladivostok, 1987, p 53.
3. California's trade with the Soviet Union was equivalent to 56.7 million dollars in 1987, when its total foreign trade volume exceeded 118.1 billion dollars (calculated according to data in "Total Value of 1987 Exports and Imports by Region and Country. California Data," Sacramento, 1988, pp 3, 6).
4. J. Stephan, "Russian-American Trade in the Pacific: Historical Patterns and Future Prospects. XIV Pacific Science Congress," Khabarovsk, 1979, p 7.
5. "The Role, Impact, and Prospects of International Trade in Washington State. A White Paper Produced Jointly by the Research and Trade Development Divisions of the Washington State Department of Commerce and Economic Development," Seattle, 1977, p 50.
6. Ibid., p 51.
7. M. Wolfson and J. Farrel, "The Prospects for Oregon-USSR Trade in the Forest Products Machinery Industries," Corvallis (Oregon), 1974; J. Solecki, "Prospects for the Export of Forest Products Machinery to the USSR," Corvallis, 1974.
8. Wolfson and Farrel, Op. cit., p 1.
9. G. Knapp with E. Miller, "Alaska-Soviet Far East Trade: Opportunities and Strategies. Prepared for Alaska Office of International Trade," Anchorage (Alaska), 1988.

10. Ibid., pp 1-2.

11. "Alaska. Focusing on International Trade and Investment. Governor's Office on International Trade," Anchorage, 1988, p 10.

Some Aspects of Concept of Sufficiency

904K0009B Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 5, May 90 (signed to press 19 Apr 90) pp 30-38

[Article by Irina Yuryevna Zhinkina, candidate of historical sciences and junior scientific associate at Central Institute of Military History of USSR Ministry of Defense]

[Text] The policy of military organizational development in our country, which is intended to lower the level of military confrontation, is being influenced substantially by the views of civilian experts, which differ significantly in some cases from the views of Defense Ministry spokesmen on the choice of ways of implementing the concept of sufficiency in the armed forces.

This concept is nothing other than a logical theory substantiating the measures to bring the military potential of the state in line with its political goals, the means and methods of attaining them, and the functions of the armed forces. The concept of sufficiency the Soviet leadership announced attests to an attempted departure from the foreign and military policy aims of the cold war.

The scales on which this idea can be carried out will depend on the future development of Soviet-American relations and the foreign policy of the USSR as a whole, especially the portion pertaining to the goals, nature, and scales of the use of military force in the settlement of intergovernmental disputes.

The relevance of the concept of sufficiency stems from the need to coordinate national security interests with the structure and potential of the armed forces, their military doctrine, and present and future economic development, and the need to coordinate the military budget with the state budget.

This article presents the author's personal point of view with regard to sufficient nuclear potential. The article was not intended as a thorough investigation of the entire issue. It addresses the group of questions that are certain to arise in any analysis of the basic guidelines for the development and implementation of the concept of sufficiency.

The Concept of Sufficiency as a Limiting Factor in the Buildup of Military Strength

A look at some studies by Soviet and foreign experts can create the impression that the question of the sufficiency of USSR and U.S. military potential is connected primarily with the recognition of the impossibility of winning a nuclear war and of its catastrophic global implications.¹

Without denying these assumptions, we must realize that the sufficiency of nuclear potential cannot depend exclusively on the global ecological consequences of nuclear war. Otherwise, after nuclear arms have been reduced (by one or several countries) to a level bordering on the absence of visible, substantial, and irreversible consequences, the permissibility of the actual use of these weapons and, consequently, of the restoration of their previous role will be open for consideration again.

It is true that the excessive nature of nuclear potential has been largely acknowledged by both of the opposing sides on the strength of appraisals of the possible consequences of nuclear war, but forecasts of this kind, including ecological predictions, were already being published by researchers in the 1950s and 1960s. Around 20 years ago the scientific studies by American experts on the possibilities of civil defense in a nuclear war and the effects of nuclear war on the U.S. economy made references to a "new ice age,"² analogous to the current references to "nuclear winter" or "nuclear fall." At that time, however, the forecasts did not lead to fundamental reconsiderations of security issues. It took at least two other circumstances—the mutual recognition of the socioeconomic and political consequences of nuclear war from the standpoint of the cost (or price) of winning this war, and the fact that the nuclear deadlock was not a remote possibility of the distant future, but a reality of the present day which was already making absolutely different demands on the policy of military organizational development. It was not until the development of the nuclear potential on both sides reached the saturation point, reflected in the capacity for "mutual assured destruction," when the capabilities of weapons systems were associated with the vulnerability of the civilian sector, that the USSR and the United States displayed new, but contradictory approaches to future policy on the military organizational development of the armed forces.

Therefore, although scientific forecasts of the consequences of nuclear war stimulated the development of the Soviet concept of sufficiency, they cannot be regarded as the main argument, and certainly not the only one, in its favor.

It would also be wrong to associate the development of this concept exclusively with the situation of nuclear deadlock, in which neither side can win a nuclear war. If this cause-and-effect relationship is assigned absolute value, it could reduce the entire matter to the coordination of policies on military organizational development with methods of breaking the deadlock or at least with efforts not to fall behind in the arms race. In essence, it was precisely this approach that was characteristic of the United States for a long time. The capabilities of the armed forces should, according to American strategy, influence the decisions made by probable adversaries. In fact, the doctrine of "deterrence" is a theory of how the war can be won before it even starts (or of conceptual victory)—i.e., of how political goals can be achieved through the indirect use of military force by forcing the

adversary to be the "loser" in a series of diverse armed conflicts and by convincing the adversary either of the superiority of the United States or of its ability to block the actions of the other side.

The American approach to nuclear sufficiency, formulated by the analysts on R. McNamara's staff in the 1960s, was based primarily on this line of reasoning. In the event of the failure of the policy of deterrence, it was supposed to solve such problems as "limiting the damage" inflicted by preemptive actions by strategic offensive forces and "assuring the destruction" of the enemy in retaliatory actions. For this purpose, 400 1-megaton nuclear warheads delivered to the largest civilian targets on enemy territory would be sufficient. According to extremely approximate American estimates, this kind of strike would mean direct losses of 20-30 percent of the population and 50-70 percent of the production capacities of the USSR—i.e., "unacceptable" losses in the maximum sense.³ On the political and socioeconomic level, "assured destruction" would mean that the state subjected to this kind of strike would effectively cease to exist as a 20th-century state. Even these estimates of clearly unacceptable losses (which warrant special consideration for several reasons), however, did not determine the level of sufficiency in the organization of nuclear forces. It was calculated with a view to the limitation of U.S. losses by means of the delivery of disarming strikes in excess of the criteria of "assured destruction." This was the basis for the structure and composition of strategic offensive forces. Even though the intentions and approaches to the actual use of these forces naturally could be disputed, they still exist today, as does the foundation of nuclear potential integration through the stepped-up development of strategic defense. It was the vulnerability of the U.S. civilian sector and the impossibility of escaping the nuclear stalemate on the basis of the earlier principles of military-strategic thinking that brought about the shift of the early 1980s (the most pronounced shift since the invention of the nuclear weapon) from an emphasis on the achievement of military superiority through the buildup of the offensive components of nuclear potential to a more balanced policy line based on the stepped-up development of strategic defense.

Now that the slight expansion or reduction of offensive arms no longer affects the efficacy of the policy of "deterrence," some American theorists are inclined to interpret the escape from the nuclear stalemate not in terms of an increase in the number of "dead Russians," but in terms of an increase in the number of live Americans, the reduced vulnerability of their own territory, and the guarantee of "assured survival."⁴ It is quite probable that although U.S. officials have acknowledged the impossibility of winning a nuclear war, they regard this as a serious but only temporary difficulty. The Soviet concept of sufficiency certainly has to take this point of view into account. Furthermore, the concept must be elaborated with a view not only to current developments in American nuclear forces, but also to the

USSR's own state interests, which are not confined to military needs. If the USSR does not have the same foreign policy goals as the United States and does not strive to retain the status of a military superpower, it will not need such powerful armed forces, but this will raise the question of strategic stability and parity.

Sufficiency, Stability, and Parity

There have been some objections to the approach of our military experts, who effectively equate the elaboration of the concept of sufficiency with the search for ways of maintaining quantitative and qualitative parity in arms as an essential condition for strategic stability. They associate it unconditionally with the comparability of Soviet and American nuclear capabilities and even feel that it would be expedient to guarantee the approximate "correspondence of groupings of armed forces"⁵ on both sides. This approach, however, would clearly force the Soviet Union to copy U.S. military doctrine and the structure of U.S. armed forces, and would put the reorganization of our armed forces in line with our own goals and our current interpretation of national interests in question. On the whole, this presupposes a lack of autonomy in the search for the criteria of sufficiency, although we certainly cannot deny their connection with the American and NATO policies of military organizational development.

Strategic stability certainly is the most important and essential condition of peace, particularly in the military-political sphere of USSR-U.S. relations.⁶ Strategic stability would seem to be the qualitative state of intergovernmental relations distinguished by a stable correlation (or balance) of power on both sides.

Military-strategic stability in USSR-U.S. relations now depends on the strategic balance of their military potential, primarily their nuclear capabilities. One of its main features is parity, now interpreted as the approximate quantitative equality of U.S. and USSR nuclear capabilities. It would be wrong, however, to equate parity with strategic stability because parity is not the only determinant. A lower level of nuclear confrontation can have contradictory effects on the balance of power. After all, substantial reductions in nuclear potential will probably set higher requirements for the combat capabilities of the remaining weapons and their ability to withstand enemy actions and will change the role of strategic defense and, consequently, the relative significance of components of military strength which differ in terms of effectiveness and vulnerability. Quantitative parity could be disrupted, but this disruption would not lead automatically to the reduction of strategic stability and the outbreak of war, not to mention defeat or victory in this war. The nature of political relations between states, national security interests (their current interpretation), differences in the mechanism for planning and making decisions on the use of military force, and other factors are also important. Furthermore, parity itself (just as strategic stability) can be defined by different indicators. The important thing is the approach to the assessment of

the balance of power. Apparently, it is less important for these criteria to reflect the external quantitative balance of military potential, particularly nuclear capabilities, than the essence of this balance—the possible final results of armed conflicts from the standpoint of the losses suffered by the state as a whole, and not just by its armed forces. The projected results of hypothetical nuclear conflicts, expressed in terms of, for instance, human and economic losses, might be a better description of the real balance of power. Furthermore, in view of the different guidelines of military doctrines, the approximate equality of economic losses on both sides might correspond to unequal nuclear capabilities in terms of quantitative indicators prior to the beginning of a conflict.⁷ This approach to the assessment of parity is of special interest in view of the fact that the balance of nuclear capabilities is the result of confrontation between the two sides, and not the previously set goal of military-political activity.

In any case, when the concept of the sufficiency of Soviet nuclear potential is being elaborated, it would be expedient to consider its criteria and the degree of minimal "deterrence" which would guarantee military-strategic stability, based on assessments of the final results of a possible exchange of nuclear strikes, but would exclude the possibility of offensive operations. In 1982 the Soviet government pledged not to use nuclear weapons first. The concept of sufficiency, as the theoretical foundation of the practice of military organizational development, should continue to be based on this commitment.

Sufficiency and the Degree of Minimal Deterrence

There seems to be the possibility of a concept of sufficiency which would include certain elements of the "deterrence" line of reasoning without turning it into a permanent and invariable factor, would take the dynamics of intergovernmental relations into account, and would allow for timely adjustments.

In the broader context, this concept should include approaches to the resolution of the following problems:

The guarantee of the correspondence of the numerical strength of armed forces, their structure, their combat capabilities, military doctrine, programs for the development of political objectives and the essence of strategic stability with the declared policy line of the peaceful coexistence of states with different social structures and the reduction of the role of military force in political affairs;

The planning and use of criteria for the assessment of the correspondence of armed forces to their combat functions and the nature and scales of the military threat in the present and future;

The substantiation of dynamic qualitative and quantitative criteria of the sufficiency of nuclear potential and the armed forces as a whole, and some other problems.

The actual implementation of the concept of sufficiency appears to be possible within the framework of agreements with the United States and the other nuclear powers and on a unilateral basis. The different options would vary considerably in the freedom of the choice of criteria of sufficiency and the dates and scales of offensive arms reduction. In connection with this, the second option is preferable. Both approaches, however, will inevitably necessitate the substantiation of minimal nuclear potential for "deterrence." This could guarantee the ability to damage the aggressor's civilian sector in a retaliatory nuclear strike.⁸ Furthermore, this damage does not necessarily have to mean the assured destruction of the state as a socioeconomic and political entity. Unacceptable losses on the scale originally used as the criterion of sufficient nuclear potential could be viewed as the maximum. The relaxation of tension and the improvement of intergovernmental relations can and should lower the projected level of losses and, consequently, of the sufficiency of strategic forces.

Coordinated reductions of strategic offensive arms, particularly in the stages following the 50-percent reduction, will bring about a search for compromise options on both sides and, consequently, for identical approaches to the analysis of the balance of power. For this reason, both the USSR and the United States are likely to want to reach an agreement on the level of human and economic losses which should be viewed as unacceptable from the standpoint of political consequences. The limits of this hypothetical acceptability, based on national policy goals, could differ radically.

American experts who have researched this topic to date have associated it with the search for the maximum level of losses on which the United States would still be capable of retaining its political and socioeconomic integrity and its leading position in the world arena and of pursuing a policy of "deterrence" in the post-nuclear period. In the last 20 years or so, the criteria of unacceptable losses have undergone significant changes.

In the 1960s, as we already said, they took the form of the quantitative indicators of "assured destruction" (commonly referred to in print as McNamara's criteria).⁹ Assessments of vulnerability focused only on the direct damage to the population and economy of the USSR in the form of human casualties and completely inoperable production capacities.

In the 1970s the concept of "unacceptable losses" was much more complex. Direct and indirect economic losses began to be taken into account for the purpose of optimizing the use of U.S. nuclear forces and slowing down the enemy's economic recovery after a war.¹⁰ This led to the idea of selective strikes against key industrial sectors. The Americans took a similar approach to the assessment of their own vulnerability on the regional, sectorial, and national levels. On the one hand, this contributed to the elaboration of a comprehensive approach to the defense of the civilian sector along with

military planning, economic mobilization, and the negotiation of strategic nuclear arms reduction by the beginning of the 1980s. On the other, it led to a more complex interpretation of the criteria of unacceptable losses.

The higher the level of economic development, the higher the value of cooperative production ties to states. For this reason, the destruction of a comparatively small quantity of human resources and production capacities in key branches of the economy (selective strikes to inhibit restoration potential) could lead to the collapse of the entire machinery of state. In this situation, many surviving production capacities in related branches and enterprises supplying (or using) the products of destroyed facilities would also be put out of commission. This is the foundation of assessments of indirect losses.

The Stanford Research Institute studies demonstrating that selective strikes by 750-1,250 low-yield nuclear warheads at enterprises in 15 key branches of U.S. industry would cause the direct loss of 33 percent of the production capacities in these branches, are an example of this broader approach. The remaining capacities (67 percent) would not be able to function at their earlier level of efficiency, however, and production could not be restored to the pre-war volume until 9 years after the war. Furthermore, the American GNP would not exceed from two-thirds to three-fourths of the pre-war product during this period.¹¹

According to later research,¹² a strike by 200-300 nuclear warheads (against power engineering installations, for example) would disrupt regional economic ties, in which case the national economy would cease to be a single entity; in the event of a strike involving around 5 percent of the Soviet nuclear arsenal, the country's economic losses could be regarded as unacceptable. A strike by 500 warheads of 500 kilotons each and by 200-300 of 100 kilotons each against the key enterprises in the main sectors of the economy (metallurgy and petroleum refining) would lead, according to American experts, to the collapse of the economy. Human losses in this case would reach 65 percent (within a week after the strike, in the absence of protective measures).

It is true that the authors of this study say that restoration will be possible, from the economic standpoint, even if losses represent two-thirds of pre-war production capacities. It is not clear, however, whether this will be enough to preserve national integrity. According to their forecasts, it is highly improbable that the pre-war level of economic development could be achieved in the next decade. It is indicative that the authors of this study feel that the United States' possession of nuclear weapons is essential for "deterrence."

Therefore, the calculation of standard quantities of unacceptable losses for different states is quite complicated, because the same indicators of damage (expressed, for example, in a percentage of the total population of the country) could correspond to a level of unacceptable

losses in one state and not in another, depending on the degree of urbanization and several other factors.

For this reason, approaches to the criteria of unacceptable losses differed in the 1980s depending on the nature and variety of strikes and the importance of the targets and were supplemented with qualitative characteristics of the state's status as a socioeconomic and political entity. In the famous work "Life After Nuclear War," A. Katz distinguishes between four levels of possible losses in a nuclear war. These are the biological survival of scattered groups of people without any kind of administration after the total collapse of the country; regional survival with the retention of certain links of the structure of political administration but no centralized control on the national level; state survival, in which viable national administrative bodies still exist; and, finally, the level of sociopolitical survival on which the state as a whole retains its ability to control the situation and conduct an independent policy line in international affairs.¹³

This approach to the analysis of unacceptable losses seems completely valid and feasible, although it is an important point that quantitative and qualitative criteria are hypothetical and are of relative value, depending on the willingness to take the risk of war, economic conditions in the warring states, and other factors.

Two of the basic options for the measurement of sufficient nuclear potential for "deterrence" warrant thorough examination. There have been assessments, from the standpoint of possibilities and guarantees of inflicting losses on the civilian sector of the opponent in retaliatory actions, of potential consisting of 250-800 nuclear warheads of at least 1 megaton each in the first case and 800-2,000 warheads of the same yield in the second. Given the existence of a U.S. ballistic missile defense system capable of intercepting 50-80 percent of the nuclear warheads launched almost simultaneously, this means that if approximately half of the 800 warheads of 1 megaton each were to be put out of commission by the first disarming strike and if half of those launched in a retaliatory strike were to be intercepted by BMD systems, more than 20 big American cities would be almost completely destroyed. According to McNamara's criteria, human losses would be clearly unacceptable at the maximum level (excluding preventive measures). If a surprise nuclear strike should be delivered against key installations of the early warning system and the command, control, and communications system of the USSR Armed Forces, a retaliatory strike might not even be possible in the worst scenario of military-strategic conditions.

This suggests that there is no point in arguing about each bomb without taking all of the different scenarios of armed conflict, the number of participants, and the conditions of the realization of the capabilities of weapons systems into account. Quantitative parameters do not constitute the essence of sufficiency. The

emphasis on qualitative parameters of military organizational development, however, with the retention of the earlier functions of the armed forces and their different branches, could be an even greater economic burden than the emphasis on quantitative factors.

It is understandable that the concept of sufficiency cannot be implemented solely by calculating the surplus quantity of weapons and excluding them from existing military potential. For this reason, during subsequent stages of the elaboration of sufficiency criteria, it will probably be necessary to consider the soundness of guarantees of retaliation and assess the vulnerability of civilian targets and the population of the opposing sides and the consequences of nuclear war in general. This approach will preclude the exaggeration of the role of weapons systems and the arms race. The important thing is not the comparison of the characteristics of strategic nuclear systems (particularly at a time when their quantity exceeds the level of "assured destruction"), but the correlation of the combat capabilities of nuclear potential to the vulnerability of the civilian sector, because the use of military strength or threats of its use are intended to influence the state as a whole, and not just its armed forces.

The capabilities of reconnaissance, command, control, and communications systems, especially space-based systems, can be regarded as a guarantee of the reliability of retaliation potential in a military doctrine with defensive guidelines, or as a means of controlling the nature of enemy military actions and of blocking surprise attacks.

This is of fundamental importance because, first of all, the Americans still have not given up their hope of acquiring the potential for a surprise disabling or disarming attack and believe that they will have these capabilities in the early 1990s.¹⁴ Second, a defense-oriented military doctrine and a corresponding armed forces structure which are not reinforced by higher levels of control predetermine the possibility of total destruction.

Another potential difficulty or obstacle is the inability to make timely decisions on retaliatory action. This will depend not only on the potential capabilities of command, control, communications, and reconnaissance systems, but also on the preparedness of the political leadership to use them.

Therefore, one of the most important criteria of nuclear sufficiency in a defense-oriented military doctrine is the guaranteed possibility of providing the national leadership with timely information so that it will be prepared for retaliatory action. Otherwise, the concept of sufficiency based on minimal deterrence will be invalid. Unless the possibility of delivering a retaliatory strike is guaranteed, it would be better to completely relinquish the status of a nuclear superpower. This would be a triumph for the American policy of "deterrence"—i.e., the "victory" the United States wants to win without

ever becoming involved directly in a war. In addition, however, this is a radical method of reducing the nuclear threat.

Footnotes

1. V.F. Petrovskiy, "Bezopasnost v yaderno-kosmicheskuyu eru" [Security in the Nuclear Space Age], Moscow, 1985, pp 7-10; "Razmyshleniya o bezopasnosti v yadernyy vek" [Reflections on Security in the Nuclear Age], Moscow, 1988; V.V. Zhurkin, S.A. Karaganov, and A.V. Kartunov, "Reasonable Sufficiency," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, 1987, No 12; V.L. Lvov, "Nuclear Disarmament: In Search of a Common Approach," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, 1989, No 3; Al. Arbatov, "How Much Defense Is Sufficient?" MEZHDUNARODNAYA ZHIZN, 1989, No 3; "The Counterfeit Ark. Crisis Relocation for Nuclear War," edited by J. Leaning and L. Keyes, Cambridge, 1984; "Nuclear War Survival Skills," edited by C. Kearney, Cave Junction (Ore.), 1986; and others.
2. J. Green, "The Case for Civil Defense (As Developed Through Systems Analysis)," Washington, 1972, p 8.
3. C. Chester, "The Role of Civil Defense-1986," Oak Ridge (Tenn.), 1986, p 13; D. Kerr, "Civil Defense in the U.S.: Band-Aid for a Holocaust?" Boulder (Colo.), 1984, p 136; A. Katz, "Life After Nuclear War. The Economic and Social Impacts of Nuclear Attacks on the United States," Cambridge, 1982, pp 102-103.
4. D. Graham and G.A. Fossedal, "Defense That Defends. Blocking Nuclear Attack," Old Greenwich (Conn.), 1983, pp xi-xiii, 5-11, 127-129, 142-145; H. Maccabee, "Nuclear Winter; What Do We Know, What Do We Do?" JOURNAL OF CIVIL DEFENSE, December 1985, pp 6-7; "Kosmos: kakim yego vidyat iz Vashingtona" [Space: The View from Washington], Moscow, 1985.
5. S.A. Tyushkevich, "Reasonable Sufficiency for Defense: Parameters and Criteria," VOYENNAYA MYSL, 1989, No 5, pp 53-57.
6. A.G. Arbatov, A.A. Vasilyev, and A.A. Kokoshin, "Nuclear Weapons and Strategic Stability," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, 1987, No 9, pp 3-13; A.A. Kokoshin, "Comparing Military Doctrines," PRAVDA, 21 August 1987; "SShA: voyenno-strategicheskiye kontseptsii" [United States: Military-Strategic Concepts], edited by R.G. Bogdanov, M.A. Milshteyn, and L.S. Semeyko, Moscow, 1980; "Strategicheskaya stabilnost v usloviyakh radikalnykh sokrashcheniy yadernykh vooruzheniy. Otchet" [Strategic Stability at a Time of Radical Nuclear Arms Reduction. Report], edited by R.Z. Sagdeyev and A.A. Kokoshin, Moscow, 1987.
7. The threat of quintuple "assured destruction" is probably no more terrible for a state than the threat of total destruction at a single stroke. In the future the

indicators of the vulnerability of the population and economy will acquire special importance.

8. Excluding strikes against military targets as such, because in a situation of nuclear stalemate a state can be destroyed or defeated without destroying its armed forces. Besides this, a strike against "empty holes" is senseless.

9. A. Katz, Op. cit., pp 6-11, 100-103.

10. B. Lambert and J. Minor, "Regional Manufacturing Systems: Nuclear Weapons Effects and Civil Defense Actions," Lubbock (Tex.), 1975, pp 5- 11; W. Brown, "Recovery from a Nuclear Attack (A Study Based Upon a Hypothetical 1973 War Scenario)," Washington, 1971; B. Lambert and K. Lewis, "Economic Targeting in Nuclear War: U.S. and Soviet Approaches," ORBIS, Spring 1983, pp 127-149; and others.

11. J. Weinstein, "The Strategic Implications of Civil Defense," in "The Defense of the West. Strategic and European Security Issues Reappraised," edited by R. Kennedy and J. Weinstein, Boulder and London, 1984, p 105.

12. M. Sastry, J. Romm, and K. Tsipis, "Nuclear Crash. The U.S. Economy After Small Nuclear Attacks," Cambridge (Mass.), 1987, pp 3-5, 7.

13. A. Katz, Op. cit., pp 7-8.

14. R. Aldridge, "Nuclear Empire," Vancouver, 1989, pp 57-58. Approaches are ambivalent in this area because no one knows with whom the end of the war will have to be negotiated then.

C O P Y R I G H T : Izdatelstvo "Nauka",
"SShA—ekonomika, politika, ideologiya", 1990

End or Beginning of History?

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IDEOLOGIYA in Russian No 5, May 90 (signed to
press 19 Apr 90) pp 54-58

[Article by Viktor Aleksandrovich Kremenyuk, doctor of historical sciences and deputy director of Institute of U.S. and Canadian Studies; words in italics as published]

[Text] The article by Francis Fukuyama in this issue of the journal is quite symptomatic. The author has already managed to gain a good reputation, during his earlier years of work in the RAND Corporation, as a serious and intelligent researcher capable of understanding and solving major scientific problems. It was no coincidence that he decided to begin analyzing the causes and sources of various processes in the world when he occupied a prominent place in the U.S. administration and was one of the people who planned and made U.S. policy in international relations.

Attempts to analyze what is going on in world politics today are quite understandable. The world has been undergoing amazing evolutionary changes since 1985. A

realization of the interdependence of all processes in the world came into being and became a reality. The values which had caused most of the battles in the international arena and within certain countries (these battles cost millions of people their lives just in our country) were replaced by peace, freedom, human rights, social protection, and democracy. Vast numbers of people in different countries now have a stronger sense of global community, solidarity, common interests, and human similarity.

It would be difficult to find one general explanation for these changes. Some of the causes are visible on the surface, but others, which are probably more important, still require analysis. In any case, we can agree with F. Fukuyama that the surface appearance of events conceals much deeper processes, uniting all of the items that make their way into newspaper headlines and putting everything in its proper place.

Concerned people in various countries will have to struggle in earnest against stagnation and simultaneously decide the exact direction the world is taking at this time and where it might be leading all of us. This alone is good reason why F. Fukuyama's attempts to understand what is going on today can and must be appreciated. After all, in principle there is only one alternative to his attempts—indifference and inaction.

The article has already had definite repercussions in the West, and this makes it all the more important for us to give his views some consideration. Several of his conclusions apply to our own problems as well.

The main thesis is probably the idea that the period of "cold war" ended with a Western victory; a victory of, in Fukuyama's words, Western liberalism over Marxism. The liberal ideal withstood the struggle with Marxism and proved its viability. Now it is time to begin summing up the results. The main result is that Marxism is no longer viable in Eastern Europe and no longer capable of solving the problems of the Soviet Union, China, other socialist countries, or socialist-oriented countries. Liberalism can celebrate its triumph.

What can we say about this? Without indulging in abstract philosophical ruminations (because the explication of some of Hegel's ideas in line with the textbook published in Paris by our fellow countryman Aleksandr Kozhev certainly cannot pose as a profound philosophical elucidation of Hegel's theme of the "absolute ideal"), we will try posing the question in this way: Was a victory by one side in the "cold war" even possible? After all, no matter how far the parallels go in comparisons of war as such ("hot war") with "cold war," these are still phenomena of a different order, and there are serious differences between them. These differences sometimes confuse the people who write about "cold war": They use terms applying to "hot war" lavishly in their analyses of "cold war" and see nothing peculiar in this.

There is, however, something peculiar in this. In a "cold war" both sides have no wish to have it turn into a "hot war." Both sides are afraid this might happen and, because they are capable of averting confrontation, do not want their competition to reach the dangerous point. No matter how much we argue about who started the "cold war," who continued it, who acted reasonably, and who indulged in provocative behavior, one fact will remain immutable: Both sides regarded the danger of nuclear war as something unacceptable. The Caribbean crisis of 1962 clearly underscored this aspect of the common interests of the USSR and United States.

Consequently, in a "cold war" the chief enemy is not the rival in the struggle for political influence, but the danger of unforeseen developments that will be equally threatening to both sides (particularly under the conditions of "mutual assured destruction"). For this reason, although the acute rivalry between the two sides continues, they simultaneously become more aware of their common interest in preventing these developments. This interest does not simply balance all of the other interests leading to competition, but effectively outweighs them. This is why the concept of "victory" in a "cold war" is interpreted primarily as the avoidance of the accidental outbreak of war, and it is in this area that both sides succeeded.

When the development of the new thinking and the Soviet initiatives, which were supported and sometimes amplified by the United States, made arms limitation and reduction and the development of dialogue and partnership possible, the announcement of the end of the "cold war" also became possible. Therefore, this was a victory for both sides, the triumph of reason and humanness in their interrelations.

It is also obvious, however, that the two sides arrived at this point with different results. Whereas the United States and its allies are now experiencing a period of relative prosperity, stability, and self-confidence, conditions are completely different in the Soviet Union and other socialist countries: The economy is in a state of crisis, the political system is the target of pointed and even vehement criticism, and large segments of the population are seized by discontent. All of this is evidence of a serious structural crisis.

It is this situation that Fukuyama calls the "victory" of liberalism. In spite of the critical situation in the USSR and the countries of Eastern Europe, however, it would be difficult to agree with such a categorical judgment. Above all, we must remember that there have been times since the end of World War II when everything seemed to be the opposite: The West was losing the contest and socialism was winning. This was the case, for example, in the late 1960s and early 1970s, when the United States was experiencing a severe crisis as a result of the war in Vietnam and countries in Western Europe were experiencing tension in connection with ultra-leftist demonstrations (France and the FRG), while socialism

achieved a state of strategic parity with the United States and was certain of its ultimate victory. Everyone knows how this ended.

Therefore, irregularities in the competition between different sociopolitical systems are nothing new to macro-political analysis. It is completely obvious that neither system achieved evolutionary development during this period. On the contrary, each developed erratically, experiencing crises and periods of prosperity. It would be wrong to leave these irregularities out of political analyses, and even more wrong to conclude that one of the systems has met its "end." This could cause serious errors in the determination of the international strategic situation, because it has not changed.

The fact that capitalism experienced several crises in the 20th century and then found and developed ways of surmounting them is a different matter. The main thing is that it lost its fear of crises and now regards them as an unpleasant but inevitable phase of development accompanying the transition of a sociopolitical system from one state to another. In this sense, it is ahead of socialism because socialism also experienced internal crises but calmed itself for a long time with the illusion that "crisis-free development" was one of its salient features and therefore did not develop the appropriate ways of surmounting crises. This is why some of our fellow countrymen and our sympathizers abroad are now experiencing feelings of fear and confusion. Now that new relationships are maturing deep within our society and are demanding the right to exist, now that the old surface layer is cracking, it is natural and normal for them to interpret these changes as the "collapse" or "end" of socialism, effectively repeating the conclusions of those in the West who have already buried socialism.

Furthermore, Fukuyama should not exaggerate the other side of the present situation: "the triumph of liberalism." What kind of "triumph" could this be if the present stability in the developed capitalist countries coexists with the hopeless situation in the "Third World"? The developed capitalist countries helped a group of "Third World" countries rise to the level of industrially developed states—for example, South Korea, Taiwan, Singapore, and Hong Kong. The achievements of Mexico, Brazil, and India are indisputable. However, in the first place, this is only a small group of countries in a sea of underdevelopment and, in the second place, some of them made these great advances at the cost of huge debts. And what about the rest? The countries suffering under the burden of a trillion-dollar debt, in the clutches of the food crisis, in military confrontations with each other, and in civil wars, are apparently not taken into account in Fukuyama's balance of "successes and failures."

As one of the leading U.S. experts on Soviet-American relations in the "Third World," however, Fukuyama should have mentioned this "asset" of liberalism. For around 10 years he argued in his works that the Soviet

Union was "undermining" the West's position by "interfering" in "Third World" countries, but now he has simply forgotten to include the distressing state of the overwhelming majority of these countries among liberalism's "achievements."

If we take a closer look, we will probably find other facets of current Western activity that also make this "triumph" questionable: Northern Ireland, the black neighborhoods in big American cities, drug addiction, and crime.

Therefore, history did not begin yesterday and will not end tomorrow (if mankind displays sufficient wisdom), and it is too early to announce its "end," even with a question mark. There is one aspect of Fukuyama's line of reasoning and his whole article, however, that warrants special discussion.

It is clear that the entire world has entered an extremely serious and crucial phase of development that might lead to the beginning of a new era in history. The "cold war" and the accompanying horrors of a possible exchange of nuclear missiles, the millions who died in regional and local wars, the millions who died of starvation, the devastated environment, and the threat of global catastrophe—all of this has influenced the thinking of the world's population. It is a serious mistake, however, to assume that taking a few partial measures and sprucing up the facade of the dilapidated building will be enough to calm everyone's fears and put everything back in its normal place. This seems to be the mistaken assumption of many of the researchers and politicians who analyze current events.

First of all, human memory is stronger than most people think. Even after years, decades, and centuries go by, injustice, tyranny, devastation, and the mass murder of innocent people will be retained in human memory and will cause it to suffer. A good memory is the basis of conscience, and conscience is the basis of morality. When we consider the moral bases of policy, we must realize that they can be founded only on a good memory. The important thing is not the desire to take revenge for centuries of colonial oppression or for the victims of Maidanek, Treblinka, and Auschwitz or of Kolyma and Ekibastuz. The important thing is that there must be guarantees that none of this will ever happen again, that the lessons of the past have become a permanent part of human thinking and morality, and that no new reversals or "extraordinary" circumstances will ever reverse the course of history under any conditions whatsoever.

In the second place, mankind as a whole has serious doubts about the ability of today's national state and political structures to cope with today's problems, and especially with tomorrow's problems. Mankind inherited the present structures from the period of the great bourgeois revolutions. These structures consist of representative bodies, elected by a majority, which govern within the bounds of clearly delineated national borders, have a diversified staff of functionaries, including an

army and a police force, and hold a monopoly on power and the truth. They completed their historic mission of building national states, even though they had to pay a high price for this, but their administrative effectiveness is declining disastrously as global problems mount and as processes on the planetary level grow more intense. The reaction to this has been strong doubts about their suitability and expediency, specifically taking the form of intense anti-militarist, anti-bureaucratic, and anti-statist feelings.

Finally, there has been mounting anxiety over the growing gap between knowledge and morality. Science took a giant step forward in recent decades. It became a genuine accelerator of social and technological development. Man's daily life is filled with the results of this acceleration: automobiles, household appliances, telecommunication systems, and computers. Aside from the fact that this technology sometimes causes worry (particularly its effects on the environment), the obvious gap between morality and technical progress is disturbing people more and more. Many of those who contribute to the scientific advances and who develop the technology are people with a technocratic frame of mind, leaving little room for humaneness, compassion, and conscience. Although this is the personal affair of each scientist or engineer in principle, when this kind of behavior becomes a mass phenomenon it turns into a source of evil, for which there is still no cure.

All of these factors create a distressing backdrop. At one time it could be neutralized by stronger national security, social programs, election campaigns, and promises of technical innovations. Now all of these have a much weaker impact because of the acceleration of social progress, the accumulating frustration caused by empty promises, and the constant feelings of insecurity. As a result, people grow dissatisfied with their life, worry about future generations, and begin searching for new values and guidelines.

The people who are dissatisfied with their life number in the billions. Their patience, industriousness, and willingness to make sacrifices for the sake of the future cannot be taken as evidence of the effectiveness of existing forms of government and political administration. The credit they have extended to today's sociopolitical institutions is apparently running out, and the continuous rise in the huge unproductive expenditures of these institutions on their own maintenance, on defense, on weapons, on a repressive staff of functionaries, and on costly and ineffective projects is only compounding this dissatisfaction. This is the essence of the problems Fukuyama mentioned but did not discuss at length.

In this sense, socialism and liberalism are in approximately the same position. Apparently, it is just that the problems in the socialist society were more severe at a certain time, and this is why the movement for perestroika and renewal and for the new thinking began here. At this time, the West is still only an observer of these processes, but it is in the socialist countries that people

discerned the shifts in public opinion and reacted to them, whereas the relative prosperity of the West has allowed it to take comfort in its "triumph."

The course of world events is reaching the point at which the regulation of prevailing processes must acquire the same global or planetary nature as the main problems impeding development: security, human rights, environmental protection, food, education, and public health. No single national mechanism can cope with these problems. Something else is needed: the United Nations, specialized organizations, permanent negotiating systems and subsystems, and other international mechanisms. Their capabilities, however, will depend on the consent of states to give up part of their sovereignty (which often reflects only the egotistical interests of ruling groups and strata) and on their acknowledgement of the need for a sweeping planetary approach to tomorrow's problems. These are the thoughts inspired by the end of the "cold war," and not the thoughts outlined in Fukuyama's article.

(Discussion to be continued in next issue)

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How To Establish World-Class Production at Your Enterprise

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[Text] Exactly what is world-class production? Here is what THE WALL STREET JOURNAL tells its readers: Sales personnel all over the world will take orders from customers and instantaneously convey them to production teams in plants. These teams will do all the work, using robots and artificial intelligence to manufacture items in strict accordance with the client's requirements. The customer will receive the item just a few days after he places the order.¹

This is how many American experts describe world-class production today. It is already being practiced by America's main competitors—Japan and the FRG—and it is also becoming more common in the United States itself. The companies ranking highest in terms of production levels include not only high-technology firms like Applied Materials or Hewlett-Packard, but also some manufacturers of traditional goods, such as Hillenbrand Industries, which produces furniture for hospitals. In comparison with Japan, however, the United States has relatively few enterprises of this kind.

What are the characteristics of world-class industrial production today? They include stepped-up production processes, the quicker start-up of new production, and

the ability to produce specialized items in line with customers' requests in small quantities while maintaining a high level of quality and constantly reducing the cost of production. Furthermore, the degree of production flexibility and specialization must be high enough so that, for instance, an automobile or a household appliance will meet all of the client's specifications within an hour after the salesman writes up the order. Industrial production was based on stability in the past, Hewlett-Packard executive W. Klaus remarked, and any new item was a major innovation. Later, he went on to say, continuous change became the norm in industry.

In the future, according to experts, two groups of companies will be able to survive. The first will consist of the giant firms with highly diversified production and the ability to conduct research and development on a massive scale. They, however, will have to limit their commercial activity to the few items in which they have a comparative advantage over their competitors. General Electric, for example, limited itself to 14 basic types of production in its strategy, selling or giving up the rest to foreign competitors. The second group will consist of the small companies operating in the highly specialized markets, such as Sun Microsystems, producing equipment for the computer expert's office.²

Today American firms have all of the necessary technical capabilities to respond to the challenges of their competitors. Above all, these include a variety of the most diverse automation equipment: automated design and production systems, automated engineering systems, flexible computerized automation systems, robots, and integrated production systems. This technical wealth promises to improve all of the parameters of industrial production: to reduce overhead costs and enhance the quality, flexibility, and efficiency of production, to improve supply and design operations, to speed up technological processes, etc. The latest studies of flexible computerized automation systems in 20 American companies indicated, for example, that they could reduce proportional expenditures of live labor by more than 50 percent and total production costs by 75 percent.³ The incorporation of flexible computerized automation systems secures a dramatic reduction in auxiliary personnel, the number of defects in technology, and the time required for the start-up of new production. Most American executives are still experiencing serious difficulties in realizing all of these advantages, however, and a recent analysis indicated that the establishment of world-class production today requires preliminary changes in the management and organization of production. This must be done before the new technology is incorporated and even before decisions are made on the choice of equipment for the technical modernization of production.

For many years American executives, just as many other administrators with traditional views and experience gleaned from the classic school of management, acquired new industrial equipment in exactly the same way as a family buys a new car. As far as driving is concerned, a

new vehicle differs little from an older model, perhaps offering an increase in speed and comfort but leaving everything else the same. The executive who treats new technology in the same way as old technology, however, is dooming himself to failure in advance.⁴ Before he considers the acquisition of the latest, ultra-modern equipment, he must know whether the system of organization and administration is ready for this. The entire system of production management and organization at an enterprise must be transferred to a new dimension, with absolutely new parameters and criteria of performance evaluation, before any decision is made to buy any kind of flexible computerized automation systems.

Executives must begin by deciding whether the forms of labor organization and incentives, methods of production planning and workplace organization, approaches to the development of new items, and other elements of management at their enterprises secure the completely efficient use of existing equipment and technology. They must decide whether there are additional ways of enhancing product quality or productivity without resorting to the purchase of exotic technology. Above all, they must adhere unconditionally to the rule that everything must be done correctly from the very beginning—i.e., there must be no flaws from the time of the start-up of new production or technology. This is the opposite of the approach advised by the majority of U.S. industrial firms, which could be defined as trial by error, in which production problems are solved as they arise. From 20 to 40 percent of the expenses connected with unsatisfactory product quality are usually caused because something has been wrong from the very beginning.⁵

To judge the economic impact of the incorporation of new equipment accurately, managers must know its exact cost (not only the cost of the machines or technological equipment, but also all of the expenses connected with installation, adjustment, and the initial period of operation, the elimination of bottlenecks in adjoining technological processes, changes in routing schedules, etc.) and the cost of the production resources (manpower or old equipment) the new machines are supposed to replace. At this time, for example, the incorporation of new equipment solely for the replacement of the labor of blue- or white- collar employees requires an especially cautious approach. Total expenditures on the wages of the latter, including administrative costs, in U.S. manufacturing as a whole amount to 19 percent of production costs, and in most branches they represent only 10-15 percent of these costs, but the wages paid directly to workers are equivalent to depreciation deductions and usually do not exceed 3-5 percent of the total. For this reason, from the standpoint of the effectiveness of industrial production as a whole, the replacement of live labor with machines is not always justified.

Nevertheless, many companies are devoting almost three-fourths of their efforts to the measurement and reduction of the expenditures which do not exceed 15 percent of total production costs combined. "By focusing attention on the least significant factors of production

efficiency under present conditions, the traditional system of accounting and financial reports also disorients executives and diverts their attention from production parameters of genuinely vital importance in the enhancement of competitive potential," an American journal stressed. In general, the emphasis on major technological breakthroughs in managerial thinking must be replaced by the tactic of minor but daily improvements in production processes and in the organization of labor and management. This, in turn, requires the involvement of the rank and file in management on a permanent basis.

To secure a higher return on new technology and the realization of its full potential, the manager must learn to think and act like a computer programmer, breaking up all production into separate pieces, into sequential stages, but without losing sight of their integrity as a single system. The executive who does not understand a particular element of the production process (whether it is a managerial function or the technology in a neighboring department) is not capable of making correct decisions on ways of enhancing quality and productivity with the use of new equipment.

The New Managerial Thinking and the Enhancement of Production Flexibility

Today large and small industrial enterprises cannot hope to compete unless they accelerate their production processes. "If you are not as fast as your competitors, you are in trouble. If you are only half as fast, you are doomed to extinction in this sphere of business,"⁷ remarked J. Stalk from the Boston Consulting Group.

This necessitates a constant search for ways of simultaneously enhancing the flexibility and efficiency of production. Executives with traditional views usually do not pay enough attention to, for example, minimizing the amount of time required for the readjustment of equipment (for the manufacture of a new product). In their attempts to achieve maximum output and the maximum capacity of technological equipment, these managers strive to minimize the number of readjustments in their production divisions. This is their basic guideline in all of their attempts to optimize the planning of production processes, for the simple reason that any readjustment can stop production for a long time. At enterprises with world-class production, on the other hand, the readjustment of equipment takes no more than 10 minutes. The reason is that executives distinguished by the new thinking are constantly seeking ways of reducing the amount of time required for the incorporation of new technology and, consequently, its readjustment.

Enterprises which have not been overly concerned about reducing readjustment time could reduce it by at least 75-90 percent in the next 3-6 months with only a small investment or none at all. All they have to do is concentrate on the following spheres.

1. The best possible preparation of equipment for readjustment before the machines have to be stopped—i.e.,

the acquisition of all of the necessary attachments, instruments, parts, and components for the start-up of new technology or the production of a new item. The workplace must also be organized with a view to this: The right place must be found for everything needed for readjustment. Experience has shown that this alone can reduce time requirements by 40-50 percent.

2. The improvement of readjustment methods. The modification of machine tools so that they can be converted quickly for the production of a different item—for example, the use of hydraulic clamps instead of nuts and bolts. This could save 20-30 percent of the time required.

3. The elimination or minimization of various special attachments and accessories and an attempt to use only standardized components. The elimination of special accessories and attachments on big presses in the automotive industry, for example, reduced the amount of time required for conversion for different types of forging from 9 hours to 13 minutes and total readjustment time by 15-20 percent. These changes can save so much time on readjustment (in other words, heighten the flexibility of production) that even if the number of readjustments should quadruple, the total amount of equipment downtime will still be lower than the original amount.⁸

It is extremely important to include the rank and file in production planning instead of simply encouraging them to suggest more efficient work methods. Executives should strive for direct participation by blue- and white-collar employees in production organization and planning. The experience of the John and Laughlin Steel (JLS) company's plant in Louisville (Ohio) is indicative in this context. The U.S. steel industry was in an extremely unfavorable position throughout the 1970s and the early 1980s. Labor productivity declined in this industry between 1974 and 1981. It is not surprising that JLS suffered losses amounting to 3.7 million dollars in 1977 when its sales volume was 2.3 billion dollars. It is surprising, however, that in 1978 the company was already earning a profit of 36.7 million dollars when its total sales volume was 2.6 billion. This was not the result of the fundamental technical modernization of production, but of changes in managerial thinking.

The Louisville plant is a small enterprise specializing in stainless steel sheet. It was the company's worst bottleneck. The administration did not have enough for the complete technical modernization of the enterprise, and the installation of new and more highly productive equipment in one division inevitably created difficulties in another. After discussing the problem the company made the extraordinary decision to survey the workers to learn their ideas on ways of enhancing productivity without the investment of capital.⁹

At first the two sides (the plant administration and the workers) treated each other with unconcealed suspicion. The company managers had trouble convincing the

enterprise directors that sharing authority with the workers in the production sphere was a completely acceptable method of management.

A mutual understanding was eventually reached, and a "harvest" of 40 ideas was gathered. They pertained to all aspects of production planning and the organization of labor, from new work incentives to equipment repair procedures and the more even distribution of the more profitable types of work over the 24-hour work schedule. Prior to this, there had been many cases in which one shift had performed the easiest or most profitable operations and had left unsolved problems for the next shift. In the last year of the program for the involvement of workers in production planning, productivity almost quadrupled with no additional losses.¹⁰

In addition to taking part in the resolution of production problems, workers are also granted the right to control the labor process. Obviously, it takes much more time to substantiate and make decisions with this approach than when instructions are issued by superiors, but an increase in expenditures on the improvement of management always produces a much larger return than the senseless attempts to economize on these expenses.

Another element of the new managerial thinking is strict adherence to the rule of doing something new each day. This rule can apply, to differing degrees, to the planning of the production program and to the tactics of the innovation process. Possible changes in production technology and organization and the ways of implementing these changes must be matters of constant concern. Managers with outdated views usually try to produce numerous items on the basis of projected demand for a week to 3-6 months. After a certain number of unfinished work pieces or parts have been produced, they are kept in enterprise warehouses and are sent from there for assembly or technological machining. Highly complex automated systems are required for the efficient handling of the unfinished pieces and the optimization of material flows in this system of production organization or for the simple monitoring of warehouse inventory. The new managerial thinking regards any kind of reserve stocks as the worst type of losses. Enterprises with world-class production manufacture only what they need each day for the production of finished goods in accordance with schedules. The immediate results of the use of the new methods of production planning are quite impressive. They include the reduction of reserve inventory and incomplete production by 50-100 percent, the need for production facilities by 40-70 percent, the need for the augmentation of production capacities by 30-50 percent, the time required for production preparation by 70-90 percent, overhead costs by 30-50 percent, total production costs by 30-50 percent, and defective output to from 2 percent to 0.001 percent.¹¹

Improvement of Production Planning

Measures to enhance the flexibility of production must be followed by other changes in the planning system

before new equipment is acquired and incorporated. First of all, this calls for a move to the cellular arrangement of production equipment and what is known as the "streamlining of operations." In the arrangement of equipment, for example, it is necessary to adhere to the opposite of the rule followed by managers with the old managerial thinking. All equipment intended for the manufacture of items of the same type or families of similar products should be located in one place from the beginning to the end of the technological cycle in line with what is known as the cellular principle, and not in line with equipment categories, the earlier procedure in mass production, when all of the equipment for machining, for instance, or all of the forging and pressing equipment was located in a single place. In this system an item might spend 90-95 percent of total processing time waiting in line for machining. This increases intraorganizational inventory and slows down the flow of materials throughout the enterprise. In the traditional procedure, a transfer to new technology or a new item sometimes requires the stoppage of up to 20-30 percent of existing production capacities. The current approach to the arrangement of equipment is designed to speed up the entire manufacturing process as much as possible. Instead of being processed in different shops (or even at different enterprises in Soviet industry), items of the same type or groups of similar products are concentrated in one place (in a single cell) from the beginning to the end of the technological cycle.

This kind of layout considerably enhances the speed and quality of operations. This is the result of shorter flows of parts and components. This kind of layout reduces losses of work time, equipment downtime, and intraorganizational inventory connected with lengthy periods of equipment readjustment or with the situation in which some types of unfinished work pieces have to wait longer than others for machining. Each technological operation (with an overall reduction of 90 percent in the processing time of the item or unfinished work piece) takes approximately the same amount of time.¹²

The traditional methods for the arrangement of industrial equipment were intended to maximize individual output and were justified when expenditures of live labor (especially the labor of workers) represented a high percentage of production costs. Now the cellular arrangement of equipment, which increases the return on capital considerably, is becoming more efficient. In the ideal situation, the cellular arrangement of equipment should be based on clearly defined "product" guidelines, and a single type of product or family of products should be manufactured within the framework of a single technological chain. Many companies instituting the cellular arrangement of equipment, however, do not pay enough attention to its product guidelines. As a result, they often need highly sophisticated computers to organize the necessary production supervision. The choice of equipment is also important in the new pattern for the organization of technological chains. This does not require equipment with a high individual output or high

operational efficiency, but the selection of equipment and decisions on the prospects for the development of various production units are often the prerogatives of managers afflicted by gigantomania.

In the new system of equipment arrangement, the number of pieces of equipment of a specific type might increase, but the size of the machine tool inventory as a whole is reduced. Besides this, it offers additional opportunities for the involvement of workers in management, for the institution of group forms of labor organization and incentives, for the combination of professions, and for the organization of managerial structures of the brigade type. In essence, the cellular arrangement of equipment is the most important material prerequisite for the creation of genuinely self-funding, contracted comprehensive work crews. Furthermore, it fosters the creation of genuine work teams (of a small size, usually numbering from 12 to 25 workers), and not the transformation of shops into comprehensive teams, amorphous entities in which economic accountability becomes a fiction because labor organization and management do not undergo any significant changes.

This secures the degree of technological completion of production without which accurate comparisons of the expenditures and results of team work are unthinkable, and also considerably simplifies the processes of production control by making the contribution of the labor of each worker to the final results more obvious.

The cellular arrangement of equipment simplifies the incorporation of new automated equipment because it facilitates the streamlining of operations. This applies to the design of the item, the choice of technological operations, the layout of workplaces, and the professional structure of personnel. When General Electric had to cope with stronger competition from the West German Siemens company, for example, production at an enterprise in Salisbury (North Carolina) manufacturing electronic circuit breakers was reorganized with a view to this fact. The reorganization included the substitution of teams for shops and the considerable simplification of the design of the item—the number of components was reduced from 28,000 to 1,275. Besides this, the corporation executives eliminated all jobs in lower-level management (foremen and shop and section supervisors) and quality control inspectors. The result was a rise of 20 percent in productivity and a decline of 30 percent in production costs in 1988. The average order now takes 3 days to fill instead of the earlier 3 weeks. The level of production stocks has been reduced from 2 weeks to 2 days.¹³

Incorporation of New Equipment

Many people in the United States are now arguing that American firms cannot compete successfully with the Japanese in principle because of the distinctive features of manpower in Japan. According to them, Japanese workers have always been more disciplined, deferential, and industrious than Americans. They also overestimate

the role of technical factors: production automation, comprehensive computerization, the renewal of the entire machine tool inventory, etc. The people adhering to this frankly technocratic approach, which is typical of the old managerial thinking, could inflict colossal damage on an enterprise during the process of technical renovation. In the first place, not all enterprises today have the millions of dollars needed for the purchase of machine tools with programmed control or sophisticated computers. The Muzak plant in Florence (Kentucky) is usually cited as a model enterprise in the United States. It is a veritable collection of various types of flexible computerized automation systems, robots, machine tools with programmed control, electronic monitoring and testing equipment, communications systems, and so forth, costing from 5 million to 20 million dollars each. All of the equipment is controlled by a sophisticated central computer. Most advantages in productivity and product quality, however, can be achieved without buying and incorporating this expensive equipment. The important thing is not how expedient it is to agree to these expenditures, but how ready the system of organization and management is for the efficient use of modern industrial equipment. Before companies with excellent production incorporate new equipment and technology, they restructure methods of organization and management and institute the new managerial thinking on all levels and in all subdivisions. In the last 15 years American industry has spent a total of around 20 billion dollars just on automated systems for the control of production processes, but the problem is that these systems were used in situations in which production processes could not be controlled properly in principle. And these systems cost much less than the equipment used at the enterprise in Florence. Expenditures on flexible computerized automation systems and other automation equipment cannot be justified unless serious changes are made in all elements of production organization and management. The total cost of flexible computerized automation systems ranges from 10 to 20 million dollars, but the advantages of this automation are frequently meager in comparison to the initial investment.¹⁴

Managers with the old way of thinking usually assume that the main stage in the incorporation of modern automation systems is the integration of many machine tools, various devices, and software—in short, everything referred to as islands of automation. This is the basis of the so-called computer-integrated production systems. In reality, this is only a small part of the problems which have to be solved during the automation of production in order to secure the genuine enhancement of effectiveness.

Companies often opt for this kind of partial or gradual automation in order to reduce the risk connected with changes in production during the incorporation of new equipment. Their approach to automation is similar to the approach of drayage companies to their freight flows. First they find two cities which provide the companies

with opportunities to ship freight between them at a profit. Other cities and routes are added later if they meet profitability criteria. Of course, sometimes one part of an enterprise begins to grow more quickly than another. In exactly the same way, enterprises often begin the modernization of production as a series of separate technological projects. Each one can reduce production costs or improve quality in a particular sector. Later an attempt is made to combine all of them in order to enhance the effectiveness of all production and connect the "islands of automation."

Unfortunately, this approach is often inappropriate, particularly in the case of computerized equipment. No single component of a computerized integrated system can secure the desired profitability on its own, whether it is an automated machining center, a flexible module, or an automated data retrieval and processing system. Only all of them combined, working simultaneously, can secure the projected level of profitability.

The flexible computerized automation systems, for example, are genuinely flexible only for the strictly limited families of items or products for which they were designed. This is particularly obvious when we analyze the processing of materials. If methods of production organization are not changed in advance, it will take huge expenditures to make the flexible computerized automation systems genuinely flexible and capable of performing a broad range of functions. Whereas the average flexible computerized automation system in Japan manufactures 93 different components or parts, the figure is only 10 in the United States.¹⁵ The investment in many flexible computerized automation systems in the United States has not been recouped because the inability of regular equipment to compete with them in terms of speed increases their downtime.

Competitiveness does not necessarily require a level of automation as high as at the Muzak plant. The increasing complexity of production equipment and the rising costs of production go hand in hand: The more complex the equipment, the higher the production costs. The institution of new organizational patterns and the new managerial thinking will make production systems much easier to control and manage. Quality problems will be rare and isolated occurrences. Production processes will be more predictable, more receptive to statistical regulation and, consequently, easier to automate, the operable period of the service life of lathes and machines will exceed 99 percent, the readjustment of equipment will take around 10 minutes, etc. Under these conditions, it will be much easier and simpler—and, what is most important, much cheaper—to automate production.

Japanese firms with world-class production are in no hurry to make any changes in the product or technology in response to customer complaints, but this occurs quite frequently at American enterprises. It is the Japanese firms, however, that ultimately react more quickly to changes in consumer demand by reorganizing production to meet this demand. There is no paradox here.

Attempts to make immediate improvements in products and change the elements which do not appeal to the consumer can disrupt production symmetry and have a negative effect on quality. For this reason, Japanese firms do not make any changes in items or technology until all stages of the production process have been coordinated and all functions have been balanced (from development to sales). When the correct solution is found, however, the necessary changes in the product or technology are made much more quickly. Japanese firms generally "suspend" the process of making the necessary changes in production for 2 or 3 weeks, until all of the problems connected with the consideration of consumer requirements have been solved. By the same token, they do not have to spend several months solving the production problems (which generally entails the decline of quality and productivity) arising as a result of the immediate changes many American companies are inclined to make.

Today the race for the most technically complex equipment as the deciding factor of effectiveness, quality, and competitiveness is often unjustified. Furthermore, the fact that Japanese flexible computerized automation systems are much simpler and cheaper than the American systems does not attest at all to a technical gap, not even in the field of exploratory research and development. The leading firms with world-class production resort to automation only when all other means of enhancing effectiveness and quality have been exhausted.

Footnotes

1. THE WALL STREET JOURNAL, 2 May 1989.
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3. HARVARD BUSINESS REVIEW, 1988, No 5, p 77.
4. Ibid.
5. E. Huge and A. Anderson, "The Spirit of Manufacturing Excellence," Washington, 1988, p 14.
6. HARVARD BUSINESS REVIEW, 1988, No 5, p 80.
7. THE WALL STREET JOURNAL, 2 May 1989.
8. E. Huge and A. Anderson, Op. cit., p 22.
9. INDUSTRY WEEK, 9 February 1981, pp 55-56.
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13. THE WALL STREET JOURNAL, 2 May 1989.
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Reagan and the Press: Conflict or Union?

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[Text] The 8 years of the Reagan administration are already part of history and, like many earlier administrations, will be a matter of interest to researchers for a long time. The short period of history separating us from the last administration might not be long enough for thorough and final conclusions regarding Ronald Reagan's role and place in American and world history, but this does not mean that there is no point in using already available facts and data to analyze what effect the 8 years of the Reagan presidency had on the United States and the international community.

Judging by all indications, researchers will be most interested in his foreign policy line, especially the aspects pertaining to Soviet-American relations and disarmament, if only because virtually none of the political analysts of U.S. foreign and military policy in the early 1980s could predict the direction the White House would take in the second half of the 1980s from the first 4 years of the administration.

We, however, will not be discussing this topic. We want to discuss the relationship between the Reagan White House and the news media, especially since this relationship differed radically from the stereotype that took shape in earlier decades. The heightened interest of researchers in this topic is attested to by the publication of several works by American authors in the last few years. Three of them served as the basis for this article.

The books we will be analyzing were written by professional journalists who pronounced their judgments from opposite "vantage points." Larry Speakes wrote his memoirs from the vantage point of the White House press secretary's office—i.e., "from inside"—whereas Mark Hertsgaard, Jane Mayer, and Doyle McManus are journalists who viewed the White House "from outside." These observations supplement each other and create a more or less precise description of the White House's present relationship with the news media.

Hertsgaard¹ decided against taking the traditional methodical and balanced approach to the subject matter and starts his book not only with a definition of his goal (p 9)—"to tell how officials in the Reagan White House tamed the savage press and used it for their own political purposes and how leading journalists and news agencies, with the exception of some admirable individuals,

allowed themselves to be used"—but also with a declaration of his main conclusion: "By submitting to voluntary self-censorship and the simultaneous manipulative pressure of the administration, the press of the Reagan years relinquished its responsibility to let the American public know exactly what its administration was doing." A look at the books serving as the basis of this discussion confirms the self-evident conclusion that the years of the Reagan administration saw the birth of what American journalist W. Karp calls "the new rules of American journalism," dictated by the unique personality of the 40th President, by the skill of his press aides, and by the profound changes in the social composition and mentality of the U.S. press corps over the last decade.

When former U.S. President Richard Nixon addressed the Institute of U.S. and Canadian Studies of the USSR Academy of Sciences on 15 July 1986, he facetiously, but with good reason, called himself "an expert on how not to impress the news media." Reagan was the complete opposite. During his first year in the White House he was already dubbed the "great communicator," or "great master of communication," and American political scientist J. Barber, who studies the psychological traits of U.S. presidents, called him a "consummate performer."

Because performance is such an important part of American politics, we will take the liberty of a brief digression. Ever since television became an integral part of politics, American politicians, especially presidents, have had to master acting skills. This is not simply a matter of learning the right tone of voice or the right inflection to convey the necessary nuances—solemnity, sincerity, or firmness—but the group of qualities distinguishing the good actor or even an adequate actor from the average "man on the street." Dwight Eisenhower could express real or feigned indignation when he, the "old soldier," had to be taught the skill of impressing the public, but he was certainly aware that television, which was just becoming a part of American daily life, made this necessary.

The presidents after Eisenhower were no longer irritated by the attempts to make actors of them, and they even hired specialists for the difficult task of teaching them the fundamentals of the dramatic arts. The men in the White House were taught to make the right gestures at the right time, to develop a photogenic smile, and to always keep their good side to the movie and television cameras. Voice coaches and actors were hired to teach them pronunciation and enunciation, famous arbiters of fashion chose their suits, shirts, and ties for them, all of their public appearances were staged by leading theater, movie, and television directors, and their speeches and even the jokes interspersed in their statements were written by experienced journalists and Hollywood script-writers. It took months of study before the presidents acquired the necessary fluidity of movement and gesticulation, the appropriate facial expressions, and the clear and precise pronunciation which gave their instructors and directors reason to take pride in their creation.

It might have been this exertion on the part of the "mentors" and "pupils" that created the impression that these were provincial actors who had ended up on the capital stage by chance and now had to make a vain attempt to convince their viewers that everything they were doing came naturally to them. All of this suggested, as political correspondent D. Bonafidi remarked, that "this merger of theater and the new politics would unavoidably give the advantage to a professional actor—a man who was accustomed to following a director's instructions when he played a part."

Even in the first days following the presidential elections of 1980, American journalists were already saying that Ronald Reagan had no need to take acting lessons from anyone. Although he had never become as popular as the biggest American movie stars, there was no doubt whatsoever that Reagan was the best actor among all of the presidents of the United States, at least all of those preceding him. He did not have to take voice lessons, learn the right movements and right expressions, or be taught the skill of impressing the public. Ronald Reagan had been able to do all of this for a long time and on a highly professional level. He knew when to smile and when to frown, when to look happy and when to look sad, when to fall into a meaningful silence and when to share his thoughts enthusiastically with his listeners, when to express contempt and when to display anger. And the main thing was that he not only knew "when," but also "how." Teaching Reagan how to act in front of the television cameras and how to use television specifically in his own interest would have been, as presidential aide L. Gehrig put it, "the same as teaching the pope the fundamentals of Catholicism."

The President's advisers on public relations were also highly professional. Hertsgaard singles out four—then Chief of White House Staff J. Baker, Deputy Chief of Staff M. Deaver, White House Communications Director D. Gergen, and presidential aide R. Darman. These four, Hertsgaard writes, guarded the President against unpleasant incidents, "neutralized" journalists, and eventually turned the press into a reliable instrument, an obedient transmitter of the facts the White House felt the public should know.

One of the first things the presidential aides did to guard Reagan against the need to answer unexpected or unpleasant questions was to institute a foolproof ruse. The President's unplanned meetings with newsmen usually took place only when the presidential helicopter was there, when the chief executive was either leaving for somewhere from the White House lawn or was returning from somewhere to the same lawn. A method was devised to discourage the reporters' inclination to ask the President unanticipated questions: The helicopter motors were turned on as soon as the President

appeared, so that they could drown out any attempts to "communicate" with him, and all that the television cameras could record for news programs were the moving lips of the reporters and the President's smile and waving hand.

The preference the Reagan White House gave to forms of communication with the press that minimized the danger of pointed and unexpected questions was reflected in the reduction of the number of reporters with access to the President, the dramatic reduction of the number of presidential press conferences (replaced by the incommensurate weekly 5-minute radio speeches by the chief executive), and the strict regulation of what White House correspondents could and could not do during their rare personal meetings with the President. The presidential press office was also responsible for the initiative known as Reagan's mini-press conferences, which were convened with virtually no advance notification of the press. This was another ruse: Within the 10 or 15 minutes set aside for these conferences, the President was able to make the necessary statement to the press and answer only the first question, which, according to a procedure worked out by the White House and recommended for unconditional observance by journalists, had to pertain to the President's statement. ("Just try to go against procedure, and we will immediately cancel these briefings. I guarantee it," warned Press Secretary L. Speakes.)

Each of the President's meetings with journalists accredited in the White House (in all, around 1,700 representatives of American and foreign news media) were carefully planned and monitored by members of the press office staff. The President was given summaries of articles on major current issues in advance. The detailed study of these materials was followed by at least two dress rehearsals, with the President's aides playing the parts of reporters. Each journalist attending a press conference was assigned a specific seat and was categorically forbidden to leave this seat during the meeting with the President. The reason was that the President was given a seating chart just before the press conference so that he could let a specific reporter, chosen in advance, have the floor when it was time to answer questions and simultaneously convey the impression that he knew almost everyone in the room personally and by name. For the reporters, seats in the first two rows were naturally preferable because they almost guaranteed a chance to ask questions. The most uncooperative and "inconvenient" reporters, from whom the White House staff expected all sorts of unpleasant questions, were assigned seats in the rear and thereby virtually lost every chance of addressing the President, who checked the seating chart over several times before he went out to meet the journalists, carefully scrutinizing the roomful of reporters on the screen of the White House closed-circuit television monitor.

Even these meticulous preparations, however, did not prevent the fumbles which introduced a certain element of unforeseen spice into the routine of the rehearsed

performance that had been scripted down to the most minor detail. Sometimes the President pointed a resolute finger and called out the name of a reporter who was absent that day or got confused and unexpectedly called on the wrong reporter. In the first case the result was general laughter, but in the second the President had to answer an unexpected question, and the people in the room were frequently convinced that the chief executive was uninformed or even incompetent. The proceedings seemed frivolous, theatrical, and even farcical, partly because of the garish outfits and accessories of the women reporters. The red dresses and elbow-length red gloves, knitted caps in all of the colors of the American flag, and the medley of blue, orange, magenta, and green polka dots on the garments of the enterprising newswomen were intended solely to attract the President's attention and give the wearer a chance to ask a question. Even this usually did not work for newspaper reporters: Preference was generally given to television correspondents.

When Reagan was still the governor of the State of California, his aides decided that he "should be seen and not heard," because "a picture is worth a thousand words." TIME correspondent T. Griffith found another explanation for the preference the President himself and his aides gave to movie, television, and still cameras: "As soon as an actor becomes famous, he naturally seeks out roles corresponding to his abilities." It is no secret that Reagan's whole political career was based not on what he said, but on how he said it. A picture without sound was automatically imprinted in the memory, bypassing the conscious mind. "All of our theories about the dissemination of information from the White House," L. Speakes and R. Pack write in their book, "were based on the conviction that the American people were receiving information and forming opinions primarily on the basis of what they saw on television.... We quickly realized that we had to think like television directors when we wanted to convey information or inform the public of our point of view."²

Reagan held only around 50 official press conferences in all of his 8 years in office. It was not until after he left the White House that people realized that presidential press conferences had been held much less frequently than ever before. Someone calculated that the President held an average of 6.5 press conferences a year, whereas John Kennedy had held an average of 22.6 a year, Johnson had held 26.1, Nixon had held 6.6, Ford had held 16.1, and Carter had held 14.7. It is true that L. Speakes cites the figure 535 in his book as the total number of Reagan's meetings with the press in the first five and a half years of his presidency, but this figure includes even Reagan's briefest encounters with representatives of the news media, including the President's "responses" to reporters' questions which were drowned out by the noise of the helicopter motors and were not heard by anyone.

Nevertheless, during Reagan's first year in office, Washington correspondents remarked that it was much easier

for him than for any of his predecessors in the White House to win the support of the American press and to solicit its help in keeping his name from being associated with domestic and foreign policy mistakes and failures. Guarded by an impenetrable layer of personal decency, Reagan was dubbed the "teflon president" by the American press because "nothing stuck to him." Furthermore, this was said with a certain amount of pride and delight in the President's ability to seem uninvolved in everything bad, improper, and unfortunate. It recalled the classic image of Hoffman's Krume Zages, whose unscrupulous actions were blamed on anyone but him, while he took credit for the noble and admirable actions of others.

These methods had always been used by the American presidents' advisers and aides, but, admittedly, with much less success. "If we have an important piece of news, the President reports it; if it is not very important, I report it; if it is something trivial, we issue a press release; if the news is completely inconsequential, we allow the State Department to report it. In the case of bad news, however, the Department of the Interior is responsible for reporting it," L. Speakes once wrote.

When there was no good news, Speakes could invent some and even ascribe clever remarks to the President. He admitted, for example, that he invented at least two of Reagan's "responses" to specific situations during the summit meeting in Geneva and had reported them to the press. The first time he gave Reagan credit for a statement supposedly addressed to M.S. Gorbachev: "Many things still divide us, but it seems to me that the world can breathe easier now that you and I are having this talk." The second time Speakes invented another remark Reagan supposedly made to Gorbachev: "Our differences are serious, but our intention to reach a mutual understanding is just as serious." Both of the fabricated remarks were quoted widely in the American and world press and reinforced the image of a sensible and peaceful president.

Besides this, the Reagan administration surpassed all of its predecessors in its vigorous attempts to prevent unauthorized information "leaks." In April 1982 President Reagan signed an order granting U.S. federal officials more power to classify any information on the pretext that its publication could be a threat to national security. At a press conference in June 1982, Reagan commented on reporters' complaints about the lack of information on a matter of interest to them: "If I thought it was in the public interest to report this information to the American people, I would be completely frank with them and would tell them everything." Here is what J. Mayer and D. McManus wrote about this in their book "The Unmaking of the President": "The implication was clear.... The President had declared himself the best judge of what the public should know."¹³ Jane Mayer and Doyle McManus believe that the "great communicator" presided over an administration that systematically restricted media access to government information more than ever before. It did this by weakening the Freedom

of Information Act, by applying press-related clauses of the 1950 Espionage Act, and simply by closeting off the President himself.

Of course, the news media, political correspondents, and reporters had no wish to let the public know about this system of manipulation, intimidation, and "arm-twisting." After all, this put their notorious independence and freedom from government control in question. Even during Reagan's first term in office, however, there were the first signs of a general change in the attitude of the owners of the news media and leading U.S. journalists toward the role of the press as a "watchdog" guarding the American laws and democracy, the first signs that the press, radio, and television were trying to "protect" President Reagan. Sufficient evidence of this can be seen in the coverage of the scandal over the theft of campaign materials from Democratic Party headquarters by people close to the President and the later attitude of the media toward the continuous disclosures of financial and other intrigues and other illegal actions by administration officials.

Many press organs and political correspondents tried to avoid any connection with scandalous disclosures and even advised their colleagues to draw a distinction between "minor sins and gross political blunders." In June 1983, at the height of the debates over the theft of J. Carter's campaign documents, THE WALL STREET JOURNAL commented that "the United States is taking the risk of going down in history as the first civilization to smother itself in a senseless outburst of morality," and TIME magazine categorically described the attempts to discredit the executive branch as a serious danger, stressing that "any scandal diverts the government from the performance of the vitally important functions of maintaining the economy and national defense at the proper level and from peacekeeping efforts. It also diverts the press from the performance of its role as a watchdog in the most crucial areas. This kind of diversion can disillusion our allies and provoke aggressive actions by unfriendly powers."

Probably the most convincing evidence of the press' changing attitude toward its social function, which is particularly striking in view of the commotion the news media stirred up during the Watergate era, was the biggest scandal connected with the Reagan administration. It could hardly have been a coincidence that not one American periodical and not one American radio or television station reported the sale of American weapons and ammunition to Iran and the subsequent use of the proceeds to finance the Nicaraguan contras until the events connected with this transaction had grown into the international scandal known as "Irangate."

The special relationship between President Reagan and the American press, which is virtually unprecedented in contemporary U.S. political history, was maintained up to his last day in the White House. Authors researching this topic could find many explanations for this, but the most valid is probably the explanation offered by M.

Hertsgaard: "Throughout Reagan's presidency his reputation as a 'great communicator' was exaggerated by the press on a scale verging on groveling. When Reagan took office, the news media assumed a position of obliging passivity and never gave it up." Of course, there could be arguments over how obliging or how passive specific journalists were, but there is no doubt that any of Reagan's predecessors in the White House would have had his reputation torn to pieces in the press for just a fraction of what was done during the Reagan years with the President's knowledge and consent. Hertsgaard is convinced (and it would probably be difficult to disagree with him) that "as part of Washington society and a product of the establishment, the press is simply constitutionally unable to overly criticize the presidency and is more inclined than anyone else to express and support the interests of corporative America. Journalists allowed their loyalty to editors and official sources of information to prevail over their obligations to the public and the nation." Furthermore, according to Hertsgaard, "the Reagan model worked so well that relations between the White House and the press will never go back to what they were before." There are valid grounds for this conclusion.

A careful analysis of the distinctive features of the Reagan White House's relationship with the press suggests that it was not so much that the President's personality, his manner of communication, and even his weaknesses impressed many Americans, or that journalists who reported and analyzed events in the country and abroad took public opinion into account and deliberately refrained from overly pointed criticism of a popular president (although these factors were certainly present), as that the 8 years of the Reagan administration witnessed a striking reassessment of the role and place of the press in the sociopolitical process. The system which provided the country's most prominent journalists with a six-figure annual income (in contrast to the journalists of the previous generation, who had regarded an annual income of 15,000 dollars as a blessing, the leading newsmen of today—the political correspondents who also appear on television—do not see anything unusual about an income of 150,000-200,000 dollars a year) and which provided the owners of the news media with millions in profit each year, deserved their all-round support, and not their "destructive" criticism.

After authenticating the strength of the media with what happened to the political careers of L. Johnson, G. Ford, J. Carter, and especially R. Nixon, after convincing the American public of their ability to defend the cause of democracy and, judging by all indications, after frightening themselves with their own power, the U.S. media, represented by their owners and backed up by the nation's leading political correspondents, decided not to tempt fate any longer and not to test the strength of the American political system with yet another crisis of presidential authority. The press was deemed to have provided enough conclusive evidence that it was as strong as the executive, legislative, and judicial branches

of government (and this seems to have been exactly what the magnates of the U.S. news media were doing during the major domestic and foreign policy crises of the 1970s). In the 1980s there was a growing conviction that the strength of the press should be used selectively, intelligently, and with the necessary restraint, to avoid hurting national political and economic institutions, undermining the bases of the socioeconomic system, and inflicting irreversible damage on the President's authority within the country and especially on the international level. This conviction took years to develop, but it appears to have reached its maturity in the 4 months of the "Irangate crisis." By May 1987, Irangate, which had been reduced, through the concerted efforts of presidential aides and establishment journalists, to unlawful actions by just a few members of the White House staff who had left the administration by that time and a few individuals outside the administration, had disappeared from the front pages of newspapers and from radio and television news programs, and soon afterward it got lost in the general flow of current events.

Around 30 years ago, after President Kennedy's aide Theodore Sorensen tried to pressure a NEW YORK TIMES White House correspondent, the newspaper's political correspondent, James Reston, reprimanded Sorensen with a now frequently quoted remark: "We were here before you got here, Ted, and we will still be here after you leave." One of the most respected and influential journalists in the United States clearly and precisely let a member of the administration know that it would be gone someday, just as all other administrations, but the American press would continue functioning and doing its job.

There have been six different presidents in the White House in the decades since that time, but the press has not remained the same either. It no longer includes any of the first newsmen who were social pariahs, or any of the "muckrakers" of the 1920s, or more than just a few of those who were active in World War II. Today's "establishment press" has nothing in common with the reporters of the first quarter of the century or even those who were working during the war and in the first postwar years. Reston, who retired during the Reagan years, must have noticed these changes too. His admission that the press in our day is nothing more than a "conveyor belt" carrying information from the White House to the newspaper readers and television viewers in the country was a statement of an indisputable fact. The books discussed in this article are wholly or partially devoted to explanations of how this process took place and is still taking place.

Footnotes

1. M. Hertsgaard, "On Bended Knee. The Press and the Reagan Presidency," New York, 1988.
2. L. Speakes with R. Pack, "Speaking Out. Inside the Reagan White House," New York, 1988.

3. J. Mayer and D. McManus, "Landslide. The Unmaking of the President, 1984-1988," Boston, 1988.

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[Text]

January

2—The New Year's messages from M.S. Gorbachev to the American public and from G. Bush to the Soviet public were published.

9—Former Chairman of the U.S. Joint Chiefs of Staff, Adm (Ret) W. Crowe, said in a WASHINGTON POST interview that the United States should reconsider talks with the USSR on the elimination of sea-launched tactical nuclear weapons. He also said that the reduction of the naval forces of the two countries should be discussed at the talks.

15—The latest, sixth round of Soviet-American full-scale talks on the limitation and cessation of nuclear tests began in Geneva.

16 January-6 February—A seminar on military doctrines was held in Vienna. It was attended by the chiefs of general staff of the European states and the United States and Canada.

17—Member of the CPSU Central Committee Politburo and USSR Minister of Foreign Affairs E.A. Shevardnadze received prominent American senators C. Pell, A. Gore, and T. Wirth, who were attending the Global Forum on Environmental Problems and Development for Survival, and L. Bentsen, who was in the USSR as the guest of the Ministry of Foreign Economic Relations. There was a thorough exchange of views on several major international issues and on the future development of Soviet-American relations.

19—Deputy Chairman N.P. Laverov of the USSR Council of Ministers, chairman of the State Committee of the USSR for Science and Technology, received American Senator A. Gore. During their talk they discussed the guidelines of bilateral cooperation in science and technology, environmental protection, and the elimination of the after-effects of natural disasters.

22—The 13th round of Soviet-American talks on nuclear and space arms began. An agreement was reached on mutual demonstrations of the procedures of ballistic missile warhead inspection.

23—Contrary to its officially declared policy, the Bush administration decided to postpone further talks with the USSR on the limitation of underground nuclear tests

"temporarily." The official pretext was Washington's wish to see if the Soviet-American arms control agreements "work."

24—The second meeting of representatives of the Soviet and American public, organized by the Soviet Committee for the Defense of Peace and the Center for American-Soviet Dialogue, began in Moscow.

25—Representatives of military groups in the USSR and the United States met for a dialogue in the Moscow suburbs. The unofficial dialogue was initiated by the Council for International Security, headed by its President J. Cherba.

31—George Bush telephoned M.S. Gorbachev. They discussed current international events, primarily in Europe, and the prospects for arms reduction talks. In his traditional State of the Union message, the U.S. President advocated the further development of the "new relationship" with the Soviet Union. Bush announced the administration's proposal on the reduction of Soviet and American troops in central Europe to 195,000 men on each side. (The United States will also be "allowed" to station another 30,000 of its servicemen in England, Italy, and Turkey.)

February

1—M.S. Gorbachev and G. Bush sent messages of congratulations to the presidents of the U.S. National Academy of Sciences and the USSR Academy of Sciences on the 30th anniversary of the cooperation by the two centers of academic scholarship.

5—American Assistant Secretary of State for Human Rights and Humanitarian Affairs R. Schifter, head of the Soviet division of the U.S. State Department A. Vershbow, and staff members from the U.S. Embassy in the USSR were received in the USSR KGB at the request of the American side. They were received by Deputy Chairman V.P. Pirozhkov of the USSR KGB.

6—A delegation from the Union of Soviet Friendship Societies, visiting the United States as the guests of the National Council for American-Soviet Friendship, had meetings and talks with representatives of the American business community in New York.

16—A memorandum on cooperation between the USSR Ministry of Civil Aviation and the Federal Aviation Administration of the U.S. Department of Transportation was signed in Moscow. The purpose of the agreement was to define the areas in which the sides intend to take action together to enhance the safety and effectiveness of flights between Alaska and the Soviet Far East.

26—Politburo member and Secretary of the CPSU Central Committee A.N. Yakovlev received prominent American politician and public spokesman G. Hart at his request. Yakovlev told Hart the details of the reforms in the USSR and the results and difficulties of perestroika processes.

28—A telephone conversation between G. Bush and M.S. Gorbachev took place within the framework of the regular exchange of opinions. They discussed some current international events, including the state of affairs in connection with the results of the recent elections in Nicaragua and the issue of European security, particularly the German aspect.

March

1—The third intergovernmental meeting of USSR and U.S. spokesmen on information, cultural exchange, publishing, and the working conditions of American and Soviet journalists accredited in our countries came to an end in Washington.

2—Soviet Deputy Minister of Foreign Affairs V.P. Karpov received U.S. Ambassador to the USSR J. Matlock at his request.

8—American Secretary of State J. Baker addressed a subcommittee of the House Committee on Appropriations, touching upon aspects of relations with the USSR and the countries of Eastern Europe. He expressed the opinion that the United States could promote the process of reform in the USSR by means of consultations on technical and economic cooperation and a trade agreement between the two countries.

12—Temporary Soviet charge d'affaires in the United States S.V. Chetverikov issued a statement and answered reporters' questions in connection with the series of items in the American news media on the press conference on 2 March this year with former KGB staffer V.I. Sheymov and his televised CBS interview on 5 March. In particular, Chetverikov reported that a protest had been issued to the State Department "against the spread of obvious disinformation by an official agency of the United States."

13—Addressing the topic of Soviet-American relations at a press conference in the White House, G. Bush said that the United States supports the policy of perestroika and wants it to succeed.

20—Chairman of the USSR Supreme Soviet A.I. Lukyanov received a delegation from the Federal Election Commission of the United States, headed by Chairman L. Elliott, in the Kremlin. They were in the Soviet Union as the guests of the Central Election Commission for Elections of People's Deputies of the USSR.

Soviet Foreign Minister E.A. Shevardnadze and U.S. Secretary of State J. Baker met in Windhoek when they attended ceremonies marking the declaration of Namibia's independence. During a private conversation which lasted three and a half hours, the two men discussed a wide range of international issues and aspects of Soviet-American relations in detail.

23—President M.S. Gorbachev of the USSR had a meeting with Admiral Crowe, former chairman of the

U.S. Joint Chiefs of Staff, in Moscow. Marshal of the Soviet Union S.F. Akhromeyev also attended the meeting.

26-28—Senator E. Kennedy from the State of Massachusetts, member of the U.S. Senate Committee on the Judiciary, was in the Soviet Union as the guest of the State Committee of the USSR for Science and Technology. He was received by President M.S. Gorbachev of the USSR. They discussed general aspects of the current phase of international development, the profound changes taking place in the USSR, and the Soviet-American summit meeting scheduled for summer. Kennedy also had a meeting with Chairman V.A. Kryuchkov of the USSR KGB, member of the USSR Council of Presidential Advisers. They discussed possibilities for USSR-U.S. cooperation in such spheres as the struggle against the illegal drug trade, international terrorism, and smuggling.

27—E.A. Shevardnadze received a prominent member of the American business community, President E. Bronfman of the World Jewish Congress, head of the Seagram Corporation, in Moscow.

30—Member of the USSR Council of Presidential Advisers and Secretary of the CPSU Central Committee A.N. Yakovlev received U.S. Ambassador J. Matlock at his request. They discussed matters of mutual interest.

E.A. Shevardnadze received the temporary U.S. charge d'affaires in the USSR, J. Joyce, at his request. Joyce delivered a message from U.S. President G. Bush to President M.S. Gorbachev of the USSR.

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